

FINANCIAL TIMES

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WORLD NEWS

Injunction against Observer

The Government obtained an interim injunction against the Observer to stop the newspaper publishing material from inside intelligence, the memoirs of former MI6 officer Anthony Cavendish.

Government officials said they had received an undertaking from him that he would not extend publication beyond the 500 copies he distributed in an effort to clear the name of former MI6 director-general Sir Maurice Oldfield.

Labour MP Tam Dalyell applied for a Commons adjournment debate on the matter. **Back Page**

Embargo system review

Mrs Thatcher's press secretary Bernard Ingham said the newspaper embargo system would be reviewed following the advance publication of parts of the New Year's Honours list by the Sun newspaper. **Page 4**

Five die in blaze

A man and four of his children died in a fire at Merthyr Tydfil, Mid Glamorgan. The mother escaped, but a fifth child was critically ill.

Buddhists bombed

A bomb exploded in Kandy, Sri Lanka, during a Buddhist ceremony, killing three people and injuring 67. Clashes between Tamils and a pro-Indian group in the eastern province left 26 dead. **Page 3**

Sikh rebels kill family

Sikh separatists killed 14 people, including nine members of a Sikh family in the Punjab.

Sudan rebels defeated

Troops recaptured the southern Sudanese border town of Gizeh, three weeks after it was taken by the rebel Sudan People's Liberation army, state radio said.

Celebration deaths

At least 11 people were killed and 1,225 injured in Manila as Filipinos celebrated the new year with fireworks and drunken brawls in Italy. Fireworks and gun shots killed four Italians and injured 601 others.

Israel resists US call

Prime Minister Yitzhak Shamir said Israel would not bow to US pressure and curb its use of force in occupied areas. **Page 2**

High Wycombe riot

White youths clashed with young blacks in High Wycombe, Bucks, smashing cars and looting a shop. Police made 26 arrests.

Pilchard alert

Police advised the public not to eat Glenryck Pacific Pilchards until tests had been carried out following the death of a Perth man from food poisoning.

Liverpool forge ahead

Liverpool, unbeaten in 22 First Division games this season, defeated Coventry 4-0 to go 13 points ahead of Nottingham Forest, who lost 2-0 at home to Newcastle.

Aborigines cheer Hawke

Aboriginal activists chanted slogans as Prime Minister Bob Hawke launched Australia's bicentenary celebrations.

Little Bustard sighted

More than 1,000 birdwatchers jostling in a narrow country lane caught a glimpse of the first Little Bustard seen in Britain for more than 12 years, near Christchurch, Dorset.

BUSINESS SUMMARY

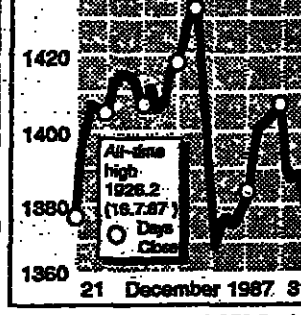
Seagram 'breached' 'bourse rules'

SEAGRAM's private deal to take control of French brandy house Martell through the purchase of a 41 per cent stake breached regulations of the Paris stock exchange, the exchange has ruled.

The Canadian drinks company, which faces a rival bid from UK drinks group Grand Metropolitan, is expected to try to negotiate a solution with the market authorities and the Finance Ministry. **Back Page**

EQUITIES fell back in London

In slow trading on Thursday, the FT Ordinary Index lost 34.7 points.



points to close at 1,373.3, down 36.1 on the week. The FT-SE 100 index fell 47.1 to 1,712.7, ending the week down 58.7. **Stock market, Page 12**

TWO UK airborne radar companies have been asked along with their European partners to resubmit rival bids for the contract to supply the European Fighter Aircraft radar. **Back Page**

BRITISH AEROSPACE, aircraft, missiles and space manufacturer, is seeking cheaper deals from suppliers following the fall in the value of the dollar. **Page 4**

BANK OF England confirmed that the money supply rose modestly in November, with the narrow M0 measure a seasonally adjusted 0.8 per cent. **Page 4**

YUKAGAS, US oil company, said it would draw up a debt plan worth \$1.2bn of its \$4.3bn cash and borrow a further \$2.4bn to pay off trade and bank creditors and complete its agreement with Pennzoil. **Page 10**

BKOC, electric cables, construction and components group, bought the remaining 40 per cent of Austral Standard Cables, New South Wales telecommunications cables maker, for \$570m (\$27.25m). **Page 6**

JSD Financial, Los Angeles brokerage firm, filed a lawsuit against its chief junk bond trader Orestis Barnham Lambert alleging fraud on securities transactions. **Page 10**

FEB WESERHUSTE, troubled West German materials handling equipment maker, is expected to declare bankruptcy after failing to reach agreement with creditors. **Page 10**

YUGOSLAVIA's federal parliament failed to approve key government budget proposals for 1988. **Page 2**

TAIWAN'S Bureau of Investigation said the chairman and three employees of leading brokerage house Ts Hsing Securities Company were arrested to be charged in connection with illegal margin loans, which led to an investor defaulting on a payment of about \$25m. Taiwan's "record trade". **Page 8**

ROBERT MAXWELL said his printing and publishing group Maxwell Communication Corporation won unanimous approval from shareholders at a five-minute meeting to buy three electronic and book publishing companies from the Pergamon Group. **Page 8**

World leaders look forward to strategic arms treaty this year

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, yesterday exchanged new year greetings and said they hoped to sign a strategic arms treaty in the first half of 1988.

The superpower leaders struck an optimistic and generally conciliatory tone in their taped messages, which were broadcast on US and Soviet television.

US-Soviet relations have been boosted recently by the signing of the intermediate nuclear force (INF) treaty scrapping medium-range nuclear missiles and the prospect of a visit by Mr Reagan to Moscow in the spring.

In his address to the Soviet people, Mr Reagan said that the INF treaty was a history-making step, but it was just a beginning. He expressed the hope that a treaty reducing strategic missiles by 50 per cent might be ready for signing in Moscow.

The world prays that we will, we, as the American side, are determined to try," declared Mr Reagan.

Mr Gorbachev said Moscow was ready to "continue fruitfully" talks on strategic weapons and aimed to have a treaty ready for signing in the first half of 1988.

In a further conciliatory gesture, Mr Gorbachev said the Soviets wanted to discuss reductions in conventional forces in Europe, where Moscow enjoys marked superiority. He was also prepared for talks on regional conflicts.

Neither leader referred by name to the conflicts in Afghanistan, Nicaragua or Angola. However, Mr Reagan made it clear that he would continue to press for a speedy withdrawal of about

BRITAIN, France and the US have made proposals to the Soviet Union for a major improvement in the air links between Berlin and the West. The proposals come at a time of increasing activity on Berlin air routes. **Back Page**

115,000 Soviet troops in Afghanistan. Referring implicitly to the Afghan war and heavy Soviet casualties, Mr Reagan said: "Too many mothers, including Soviet mothers, have wept over the graves of their fallen sons. True peace means not only preventing a big war, but smaller ones, as well."

The US President, who is on vacation at his California home, made specific reference to the space-based defence system - the Strategic Defence Initiative - which he said would threaten no one. "I am committed to pursuing the possibilities that technology offers."

Mr Gorbachev avoided any reference to the SDI programme, but arms control experts believe he would continue to insist on SDI could threaten the prospects of a strategic weapons pact this year.

After the Washington summit last month, Mr Reagan and Mr Gorbachev agreed to disagree about whether SDI testing in space would infringe the Anti-Ballistic Missile Treaty of 1972, curbing defensive weapons. Neither leader wished to break the harmony created by the INF treaty.

In subsequent weeks, the divisions over SDI have re-emerged.

However, the US and the Soviet Union have said that Mr Reagan could visit Moscow even if a strategic weapons accord was not ready for signing.

Mr Reagan and Mr Gorbachev exchanged new year greetings two years ago, but the practice was dropped by the Kremlin last year. Relations between the two countries were soured by the break-up of the US-Soviet summit in Reykjavik, Iceland, over Mr Reagan's commitment to SDI.

In his address, Mr Gorbachev said 1987 saw the completion of the first stage of perestroika, the reform programme under way in the Soviet Union, and warned that hard work lay ahead as the restructuring entered its next stage with yesterday's introduction of more economic reforms.

The law on state enterprises, due to come into operation minutes after Mr Gorbachev spoke, signifies the conversion of 60 per cent of the country's industry to cost-accounting, which will give managers more decision-making autonomy and make companies responsible for their own financing.

Mr Gorbachev said the programme for economic reform was vital for international disarmament plans and he praised the contribution of the Soviet people towards the signing of the INF arms treaty in Washington.

Mr Gorbachev was being heard throughout eastern Europe yesterday, as the Soviet Union stopped jamming broadcasts to Poland. Since the imposition of martial law in Poland in 1981, the BBC's short-wave service has been blocked by electronic interference traced to Russian jamming stations.

Nigeria reveals intention to convert debt to equity

BY MICHAEL HOLMAN

GENERAL Ibrahim Babangida, Nigeria's military leader, has announced his Government's intention to draw up a debt conversion programme which could affect up to one fifth of the country's \$23bn (\$12.3bn) external debt.

In a 1988 budget broadcast from Lagos, during which the President outlined a \$2.5bn (\$900m) "special reflation package" designed to boost employment and rehabilitate social services, General Babangida said that government guidelines were being drawn up for creditors which wished to convert debt into equity.

No details were made available and the proposal is likely to be greeted cautiously by creditors. On the one hand they face the frustration of protracted scheduling negotiations now under way, involving debt thought to be eligible for conversion under the scheme. On the

other, they will have to consider the difficulties of investing in a country where the economy is depressed and the business environment is demanding.

The terms and the response will be looked at closely by other heavily indebted African countries such as Zaire and Zambia. The continent's total external debt is put at \$200bn and there is growing concern that the cost of servicing this is prejudicing efforts to resolve Africa's economic crisis.

Nigeria has been considering such a move for several months, which wished to convert debt into equity. It is thought that the proposals will be put to commercial banks, which last November reached a deal to convert \$1.5bn of debt maturing in 1986-87, and to holders of about \$3.2bn worth of promissory notes issued to meet arrears in payment for un-

insured trade. These arrears accrued in the early 1980s as a result of the slump in Nigeria's oil exports.

Earnings from oil, Nigeria's main foreign exchange earner, have fallen from a peak of \$22bn in 1980 to \$6bn in 1987.

A small secondary market has existed in the promissory notes, which have been issued in batches since 1984 and have been discounted by as much as 75 per cent of their face value.

The notes, most of which are held by companies and banks in Britain, France, Germany, Japan and the US, have a troubled history. Under the original terms, which the Government has been unable to meet, the interest bearing notes had maturities of six years. Noteholders are due to meet in London on January 14 to discuss the Government's scheduling proposals, which extend the life of the debt to

Plan for road under Thames

BY ANDREW TAYLOR

PLANS for a new generation of large transport projects in Britain to follow the construction of the Channel tunnel, have been submitted to a group of financial institutions, construction companies and consulting engineers.

The proposals, by Costain Group, the British construction and mining company which has an annual turnover approaching \$1bn, are for an eight-lane London motorway beneath the bed of the Thames. The tunnel would be large enough also to house a rapid rail link.

Turning the 115-mile M25 around London into a split-level highway by constructing an extra road deck 40ft to 60ft above the existing roads.

Developing a privately owned, high-speed rail network across south-east England which would link with the Channel tunnel and accommodate passenger and freight trains travelling at up to 200 mph.

Costain, one of the founding promoters of the Channel tunnel project, is seeking to arrange a series of meetings with construction and investment groups to see if it can generate broad support for its initiatives. It says: "Ventures on this scale cannot be attempted by one company alone, no matter how large." A balanced consortium would be required to share the risks of promotion, engineering and funding.

Costain estimates that the three schemes, each of which would be privately financed, would cost a total of about £7bn at current prices, including interest charges.

The group built the first cross-harbour tunnel in Hong Kong, which was privately financed, and is at present bidding for a privately financed power station in Northern Ireland.

The most expensive of its three proposals is the plan for a link with the Channel tunnel. Developers would have to raise up to £3bn, a figure which compares with \$6bn raised in loans, standby credits and share sales by Eurotunnel, the Anglo-French

Channel tunnel group.

The railway, carrying passengers and freight, would connect with existing and proposed Continental high-speed networks in France, Belgium and West Germany. It would run from the Channel tunnel to Huntingdon, Cambs, in the north and to Reading, Berks, in the west. A new London terminal would be built at Kensington or Willesden.

Land purchases, much of which might have to be achieved compulsorily, could cost about £700m and a further £1.8bn would be spent on civil engineering, line-side equipment and rolling stock, according to Costain's design brief. Revenues of up to £500m in the first year of the railway's operation have been forecast.

The plan to build a 16-mile motorway under the Thames would provide four lanes of traffic in each direction from the M4 at Chiswick, west London, to Blackwall and London docklands in the east.

One attraction of the scheme, Continued on Back Page

Continued on Back Page

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Jurek Martin: The Men of '88 - Royalty rules, OK?	6	Art in the office: A splash of colour on the wall	7
Editorial comment: A time for caution	6	Sport of kings: Horse racing strides into profitable form	4

Dollar ends year at lowest level since the war

BY SIMON HOLBERTON IN LONDON AND ANDREW FISHER IN FRANKFURT

THE DOLLAR ended the year at its lowest level against the yen and the D-Mark since the reorganisation of the international monetary system after the Second World War.

Concentrated central bank intervention in foreign exchange markets on New Year's Eve failed to halt the US currency's slide.

It has depreciated by 23 per cent against the yen this year, despite reported dollar purchases by the Bank of Japan of between \$32bn and \$37bn during the year. It has depreciated 18 per cent against the D-Mark.

The latest fall in the dollar in the weeks following the October 19 collapse in world share prices continues to cast a shadow over equity and currency markets.

In London, the FT-SE 100 Share Index ended the year down 47.1 points at 1,712.7 - 30 per cent lower than its peak in mid-July. On Wall Street, the Dow Jones Industrial Average also ended the year 30 per cent lower than its peak in August, and shed 19 points on New Year's Eve to 1,931.

The year closed with four days of intervention to support the dollar by Japanese and European central banks, and apparently the US Federal Reserve Board. The banks bought well in excess of \$1bn in an attempt to give credence to a statement by the Group of Seven leading industrial countries on the desirability of co-ordinated fiscal and monetary policies for exchange rate stability.

The large falls in the dollar against the D-Mark and the yen over the past two weeks have occurred at a time when currency markets usually wind down for book balancing. During this time, the volume of currencies traded has been low and movements in the dollar volatile.

One European central banker said: "There is clearly no market-support level for the dollar currently. Monday will be the test."

In Japan, monetary officials do not appear confident that central bank action alone will be enough to arrest the dollar's slide.

A central bank official told a Japanese newspaper yesterday: "We have run out of monetary and financial policy strategies to support the dollar."

Mr Karl Otto Poehl, president of the Bundesbank, said West Germany remained ready to intervene further on foreign exchange markets to try to keep currencies stable, but only so long as its legal obligation to maintain price stability was not endangered.

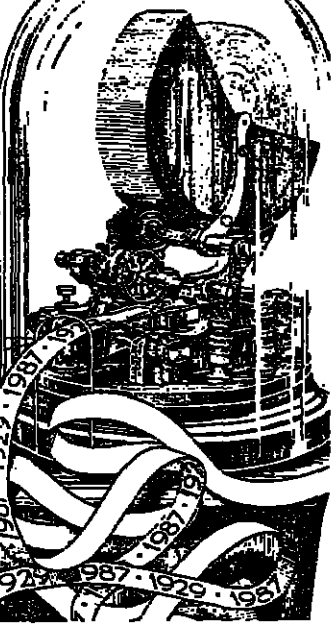
In Handelsblatt, the West German business daily newspaper, he said that the consequences for monetary policy of the sharp rise in German reserves - last year they increased by DM39bn (£18.185m) to a net DM107bn - could not be taken lightly.

Because of the current strength of the D-Mark, price stability in West Germany was not in jeopardy, he said. "But one must remember that the responsibility for more stable exchange rates should not be left to monetary policy alone."

In foreign exchange markets, expectation of a realignment within the European Monetary System is widespread. The French franc and the Italian lira are both trading towards the bottom of their permissible ranges within the exchange rate mechanism of the EMS.

Investors 'cautions', Page 8; Editorial comment, Page 6; Wall Street and Bourses, Page 11; Currencies, Page 12; Stock Exchange report and dealings, Pages 12 and 13; Lex, Back Page

WEEKEND FT



NEW YEAR ON WALL STREET

New Yorkers welcomed New Year, 1988, with jazz and unbridled gaiety. What they didn't know was that the Great Depression was about to shatter the self-confidence of American capitalism. Anatole Kaletsky reports from New York **PI**

FINANCE

Review of world stock markets, BP, and outlook for '88 **P II, III, IV, V**

PROPERTY

John Brennan on prospects for the UK housing market. Plus gardening **PVI**

TRAVEL

If there's not much snow in Europe, try piste-hopping in Japan. Report by Philip Milner-Barry. Plus Stuart Marshall's motoring **PVI**

DIVERSIONS

Saleroom. How to Spend It, food, wine **PVII, IX**

BOOKS

Competition results, prizes, films, pop, radio **PX, XI**

THURSDAY'S MARKETS

DOLLAR	
New York	DM 1.6705 (1.6945)
FF 5.3255 (5.3975)	SFR 1.26825 (1.29)
Y 121.05 (123.35)	
London	DM 1.674 (1.694)
FF 5.3425 (5.385)	SFR 1.2755 (1.299)
Y 121.25 (123.35)	
Dollar index 90.5 (91.8)	Tokyo close 1122
US CLOSING RATES	
Fed Funds 8% (8%)	3-month Treasury bills: Field: 5.82% (5.81)
Long Bond: 98% (99%)	yield: 8.98% (8.99)
GOLD	
New York: Comex Feb	\$483.9 (486.2)
London: \$485.5 (484.5)	

STEELING	
New York \$1.8965 (1.8965)	London: \$1.8785 (1.895)
DM 2.96 (2.9625)	FF 10.035 (10.05)
Sfr 2.235 (same)	Y 225 (225.25)
Starling Index 75.8 (75.6)	
LONDON MONEY	
3-month interbank	closing rate 8.3% (same)
NORTH SEA OIL	
Brent 15-day Jan (Argus)	\$17.50 (18)
STOCK INDICES	
FT Ord 1,373.3 (-34.7)	FT-A All share 670.22 (-2.86)
FT-A 100 1,712.7 (-47.1)	FT-A long gilt yield index: High coupon: 9.55 (9.58)
New York:	DJ Ind Av 1,938.88 (-11.27)
Stock market closed	

EXPANSION PLAN - NEW HQ OFFICES SHORT LIST

Prime Sites	Rent + Rates
South Hampshire	£10-00
The City	£66-30
Lower Hamlets	£37-70
Reading	£18-65

Sources: Denham, Tewson & Chinnocks, 1987.

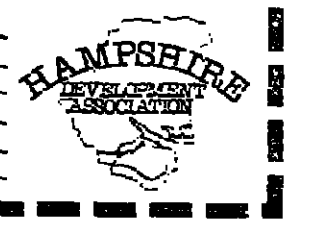
An independent report by Coopers & Lybrand Associates on Relocation Trends in the Financial Services Sector says of South Hampshire:

- "Property costs in South Hampshire are considerably lower than those current in London or the Thames Valley."
- "...within one hour of London fringe and Heathrow Airport"
- "We advise companies to include South Hampshire as a worthwhile area for detailed study when they are considering their relocation plans."

If you are looking for a new administrative centre, ask the Hampshire Development Association to send you a copy of this report and with it we will send details of around 20 sites in the M27 corridor suitable for offices of 20,000+ sq ft.

Please send me a copy of Relocation Trends in the Financial Services Sector. Post this coupon to the Hampshire Development Association, 13 Clifton Road, Winchester, Hampshire SO22 5BS or call Winchester (0962) 56060.

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OVERSEAS NEWS

Dollar's fall hits French capital goods exporters

THE DECLINE of the US dollar is causing increasing anguish to French exporters of capital goods and food products...

FFY 5.38 to the dollar. But if the French food industry has expressed growing concern over the impact of the falling dollar on exports...

Mr Michel Noir, French Foreign Trade Minister, went as far as describing the decline as a "catastrophe" for Airbus Industrie...

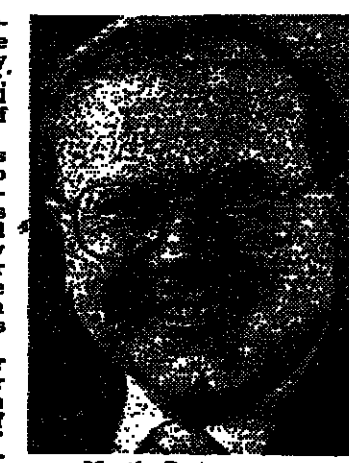
Murdoch forced to speed sale of papers

MR RUPERT Murdoch, the international media entrepreneur, has been forced to speed up the sale of the New York Post and Boston Herald newspapers...

Mr Murdoch won temporary waivers when he bought television stations in New York and Boston in 1986 to build up his Fox national television network...

The EC has a dizzying ride ahead, William Dawkins reports West Germans ready for the off

AS THE West German diplomatic machine prepares to take centre stage in the Community decision-making this New Year, the sight reminds one of an EC official of a Porsche waiting at a set of red traffic lights...



Martin Bangemann: round of visits

Everybody is expecting this masterpiece of engineering to show its spectacular performance the moment the lights green. But there is more risk than that could get held up by other more mundane vehicles...

Backing all this up is a tightly-organised diplomatic offensive, with senior German ministers touring capitals to cajole and bargain with their Community colleagues...

off its own domestic political problems and the dollar's weakness is threatening German competitiveness on export markets. Yet some sectors of West German industry are sceptical about opening their doors to other EC products...

With the German trade surplus with the EC now at a record high - nearly \$14bn in 1986 - they can be forgiven for feeling that they already benefit enough from the internal market...

Mitterrand silent on his future

PRESIDENT Francois Mitterrand gave no clues in his annual New Year address on whether he will run again in the French presidential election this spring...

However, there are still doubts over Mr Mitterrand's plans despite the president's current popularity in France. Although he still leads his rivals in all the public opinion polls...

Mr Mitterrand renewed his support for the nuclear disarmament agreement between Moscow and Washington, despite continuing reticence inside the French government over the nuclear accord...

Kabul claims convoy success

THE Soviet-backed Afghan government said yesterday that a third relief convoy had arrived in Kabul after its forces broke the long rebel siege of the eastern town, Reuter reports from Islamabad...

The radio reported that the supplies brought by the third convoy eliminated food shortages in the town. Kabul radio said on Thursday the government would transport 10,000 tonnes of supplies to Kabul over the next five days in daily convoys of 150 and 190 vehicles...

Mr Robert Maxwell, the British publisher, is among those who have expressed interest in the Post. The legislation was put into the federal government's \$600bn (\$333bn) spending appropriations by Senator Ernest Hollings...

Debut for the electronic wallet

THIS year sees the start of the era of the electronic wallet - for Visa card holders, at any rate. A bank card which incorporates an entire computer including keyboard and screen has been developed by Toshiba...

Mr Robert Maxwell, the British publisher, is among those who have expressed interest in the Post. The legislation was put into the federal government's \$600bn (\$333bn) spending appropriations by Senator Ernest Hollings...

terminal will still be required, but the amount of information transmitted will be cut to the minimum, important both for cost and security considerations. Mastercard, Visa's chief competitor, has been experimenting with smart cards but has not yet announced so detailed a development programme...

ISRAELI will not bow to US pressure to curb its use of force in occupied areas, Prime Minister Yitzhak Shamir said yesterday, Reuter reports from Tel Aviv.

Shamir to defy US over riots

ISRAELI will not bow to US pressure to curb its use of force in occupied areas, Prime Minister Yitzhak Shamir said yesterday, Reuter reports from Tel Aviv. He told the Israel-American Chamber of Commerce in Tel Aviv: "We cannot agree on the status of Jerusalem, on the borders of Israel, or the ways to deal with riots in Judea, Samaria (the West Bank) and Gaza, yet the friendly relations, the strategic co-operation and the free trade continue..."

Spanish fishermen hit by row

AN ESTIMATED 12,000 Spanish fishermen yesterday temporarily deprived of their rights to fish in Moroccan waters, following the failure of the European Community and Rabat to reach agreement on a new fishing pact. The setback affects an estimated 700 Spanish fishing vessels and the crew and owners of another 30 Portuguese vessels...

Waldheim broadcast calls for tolerance

MR KURT WALDHEIM, the Austrian president who is involved in a bitter controversy over his wartime activities has urged Austrians to analyse the consequences of Hitler's Anschluss, the annexation of Austria by Nazi Germany in March 1938.

Experts at Lloyd's said that the high proportion of hits on oil-tankers was due to the large number of foreign ships in the area. Other ships in the area have just as much chance of being hit, they said.

Lloyd's denies Gulf rates unfair

EXPERTS at Lloyd's of London, the leading marine insurance market, have denied that an increase in insurance premiums for ships in the Gulf unfairly affects some vessels in the area.

Ceausescu admits shortcoming

ROMANIA failed to meet its economic and social targets in 1987, Mr Nicolae Ceausescu, the Romanian President and Communist Party leader, said in his New Year message.

workers and students who called for more food and better social conditions. Some of the domestic issues, including the food situation, were addressed at a recent national conference of the Romanian Communist Party in which Mr Ceausescu said meat and other food supplies would be increased.

daily products were envisaged. These products are practically impossible to obtain in Romania, except on the black market or through connections. Meanwhile, a West German newspaper reported this week that two West German lorries packed with food for Romanians were stopped by border guards and turned back.

Cairo police break up Moslem protest

Egyptian riot police beat hundreds of demonstrators with batons to break up an anti-Israeli march yesterday by Moslem fundamentalists and locked hundreds of others inside a Cairo mosque, Reuter reports from Cairo.

US dismayed at release of Colombian

MR JORGE Luis Ochoa, wanted in the US on multiple cocaine trafficking charges, has been freed from prison, Our Bogotá Correspondent reports. The US authorities expressed disappointment over his release.

World's reserves of oil '27% above estimate'

THE WORLD'S reserves of recoverable oil are 27 per cent bigger than estimated 12 months ago, a leading US energy magazine says. The Oil and Gas Journal now puts global reserves at about 1,000 billion barrels, 27 per cent more than a year ago.

Mr Ibrahim Hanzoun, chairman of the 40-member association, said that shipping companies would take their insurance business elsewhere if Lloyd's does not introduce a two-tier premium system.

Yugoslavia budget delayed

FOR THE first time Yugoslavia ended the year with a budget and budget for the coming 12 months undecided after the federal parliament on December 30 failed to approve government proposals for 1988 in several key areas.

He said the government has to find and propose ways of financing the Yugoslav defence budget by January 20. The presidency of the central committee of the League of Communists held an emergency meeting on December 30 to discuss the situation.

In a review of the year it declared that the country's well-known weaknesses had again not been overcome, and irresponsible behaviour and a lack of responsibility continued. In addition the league attacked efforts aimed at avoiding the necessity for extraordinary measures. It insisted on speedy reconciliation of conflicting views.

Dhaka opposition reject poll plan

Bangladesh's main opposition parties yesterday rejected government plans for parliamentary elections on February 28, saying no polls would be fair while President Hossain Mohammad Ershad remained in office, Reuter reports from Dhaka.

Iraqis claim hit on two ships in Gulf

Iraqi warplanes attacked a super-tanker and another ship in the Gulf within 12 hours, a military spokesman said yesterday, Reuter reports from Baghdad. It was not immediately possible to confirm the Iraqi report, but Iraq have hit confirmed total of 18 ships in the last two weeks.

Fast track trade negotiators head for the buffers Peter Montagnon looks at problems facing the Gatt trade talks

THE Uruguay round of multilateral trade liberalisation talks faces a period of uncertainty from many sources when the "fast-track" negotiating authority mandated to the Reagan Administration by Congress is due to lapse.

Under the fast-track system Congress delegates to the administration the power to negotiate a package of international trade reforms which it then agrees to consider without amendment. The authority is seen by trading partners of the US as evidence that the US is capable of delivering concessions negotiated during international trade liberalisation talks.

make little difference in the short term as the Uruguay round is still at a very technical stage. A more testing time will come later in the year when parties begin to prepare for a major ministerial mid-term review of the four-year round now scheduled for next November or December.

Everything we can get that early result and to have it be a significant and meaningful one, said a spokesman for Mr Clayton Yeutter, US Trade Representative.

proclaim changes in tariffs without special Congressional legislation. This lapsed about five years ago. Renewal is foreseen in the House version of the trade bill but not in that passed by the Senate.

European trade officials, who have long feared the protectionist clauses contained in the draft trade legislation, are also ambivalent. Some argue that the Administration's credibility in

This would mean foregoing the negotiating authority, but would demonstrate a robust approach by the Administration to domestic political pressures for protection which international negotiating partners would applaud.

Others say that passage of a bill with negotiating authority is necessary to ensure a sense of continuity in the Uruguay round. It would allow for tangible progress to be made before the new Administration takes office a year from now, making it less likely that President Reagan's successor would wash his hands of the negotiations.

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Japanese slip in world telecom equipment trade

BY TERRY DODSWORTH

THE dramatic growth in Japanese telecommunications exports has levelled off, according to a report from Telecommunications Industry Research of the UK.

The report says that in 1986 Japanese companies won 26.5 per cent of world telecommunications trade against 27.1 per cent the year before.

Between 1977 and 1985, Japan's positive balance on telecommunications trade had jumped from \$259m to \$2bn.

TIR forecasts that total world investment on telecommunications equipment will jump to \$243.3bn in 1986 from just over \$100bn in 1985. By the end of this century, it estimates that annual spending will have reached \$31bn.

According to TIR, the main change in spending patterns will be a rapid increase in the developing world, combined with a steady relative decline in developed industrial countries.

Over the medium term, this trend means that the US, which has invested far more heavily than most other countries in its telecommunications network, will gradually become a less significant purchaser of equipment. By 1990 the European Commu-

nity will have surpassed the US in its equipment investment, spending \$25bn against \$20bn in 1986, compared to \$27bn by the US, which invested \$24bn in 1986.

The expansion of the telephone networks in the developing world will begin to gain ground particularly after 1985, says TIR. At that point, the current top 50 spending countries are likely to be overtaken by the rest of the world.

TIR also emphasises that the shift towards expansion in the developing world will be helped by aid programmes. More than \$4bn has already been allocated by the World Bank for telecommunications development between 1987 and 1990, it says, and a further \$2bn of loans are planned by other world agencies.

Despite this expansion, however, TIR says it is unlikely that the international telecommunications industry will be able to achieve its target of a telephone within two miles of everyone in the world. This is one of the objectives of the International Telecommunications Union, the leading co-ordination body for the world's telephone network operators.

Angola in bid to rebuild war-shattered economy

BY PETER WISE IN LISBON

ANGOLA will engage in a major national effort in 1988 to rebuild the country's war-shattered economy, President Jose Eduardo dos Santos said in a New Year's message. It will seek support from the International Monetary Fund and a rescheduling of its \$4bn (\$2.2bn) foreign debt to encourage foreign investment and private enterprise.

But the president warned the country to prepare for the 12-year war that his Soviet and Cuban-backed government has been fighting against UNITA rebels, to drag on indefinitely, despite what he called new perspectives for resolving regional conflicts resulting from the superpower summit.

Mr dos Santos acknowledged that "excessive ideological zeal" had in some cases caused Angola to delay negotiating a rescheduling of its foreign debt. But he

said his government was now engaged in talks with Britain, France and other Western countries on the debt problem, the main obstacle to Angola's recovery.

His government needed the help of the IMF and Western governments to overcome an economic crisis partly caused by the international telecommunications industry which was improving productivity through restructuring state-owned companies, raising purchasing power by controlling black marketing and improving supply systems and implementing new price policies.

Singapore premier sues news magazine

SINGAPORE Prime Minister Lee Kuan Yew has started legal proceedings against the Far Eastern Economic Review after it refused to retract allegedly defamatory accusations. Reuter reports from Singapore.

The action in the Singapore High Court is against Mr Derek Davies, editor of the Review, Mr Michael Malik, author of the controversial article, and the Hong Kong-based weekly magazine's printers and publishers.

Mr Lee's lawyers said that if the Review refused to name a Singapore law firm to accept Mr Lee's writ they would apply to court on Saturday for an order to seize the writ in Hong Kong.

The legal proceedings follow the Review's refusal to comply with Mr Lee's demand to retract allegations against him, apologise and pay damages.

Mr Lee claimed the article - on the arrests of alleged Marxists accused of plotting to overthrow his government - contained accusations that were false, damaging and defamatory.

Last Saturday the government slashed the Review's circulation in Singapore to 500 copies from about 10,000 for "distorted and misleading articles... calculated to discredit and denigrate the Singapore government."

In response the Review said it would cease distributing any copies of the magazine in Singapore until circulation restrictions were lifted.

In Hong Kong, Mr Davies said: "We do not believe that anything we have published can be classified as defamatory against Mr Lee Kuan Yew. We will fight the case vigorously."

US-Japan trade row 'to be settled soon'

PRIME MINISTER Noboru Takeshita has said he expects to settle soon a bitter trade row with the US over access to Japan's construction market. Reuter reports from Tokyo.

"I expect a concision understandable to both sides on the issue based on the principle of reciprocity. He gave no details.

Tokyo might help Washington out by shouldering a greater part of the cost of US troops stationed in Japan, he added.

Mr Takeshita is due to meet President Reagan this month and might use the opportunity of his first visit to Washington as Japan's leader to make some concessions, diplomats said.

Problems will surface when Britain's PM visits Kenya, writes Michael Holman

Thatcher faces grilling on South Africa

MRS Margaret Thatcher, who sets off on Monday on a five-day visit to Kenya and Nigeria, has less than happy memories of the first time she set foot in Africa as Britain's Prime Minister.

From the moment she stepped down from the RAF VC-10 to Lusaka International airport, Zambia, on the eve of the 1979 Commonwealth conference, Mrs Thatcher was besieged by hostile local journalists.

That is not to say that other matters will not feature prominently. Britain wants to reinforce ties with two of her most important trading partners in Africa. Mrs Thatcher will be ready to hear her hosts' views on what the West can do to assist a continent economically depressed, burdened by a \$200m (\$11m) external debt. It has increasing difficulty servicing hard-hit by famine, and facing the prospect of millions of deaths from Acquired Immune Deficiency Syndrome (AIDS).



Mrs Thatcher: contentious issues

Crammed into a stuffy lounge, she was peppered with angry questions about Rhodesia, then in the throes of a civil war. The suspicion, angrily raised by President Kenneth Kaunda, on the day before her arrival, was that the recently-elected Conservative government would "sell out" to the Rhodesian alliance of Ian Smith and Bishop Abel Muzorewa.

Some say that Mrs Thatcher was almost ready to fly back to London. As it turned out, the summit paved the way for the Lancaster House conference later that year, which in turn led to Rhodesia's independence under Mr Robert Mugabe and the political demise of Mr Smith and Bishop Muzorewa.

No such resolution is in sight for the apparently intractable issue which will be high on the agenda for the talks with President Daniel arap Moi of Kenya.

The most receptive response to her case may come from Kenya, the largest recipient in sub-Saharan Africa of British aid. Mr Moi has been cautious in his advocacy of sanctions - Nairobi airport, after all, benefits considerably from the stop-over traffic between Europe and South Africa.

Africa. Britain, like the US, has military links with Kenya, the former conducting regular training exercises there, and the latter's navy using the Indian Ocean port of Mombasa.

Not surprisingly, then, relations with Britain are cordial. But there is growing concern in Whitehall about human rights abuses under an increasingly intolerant one-party government.

Despite an economic growth record many other African states would envy, unemployment is rapidly rising and land hunger is growing. These factors, combined with widespread corruption in the ranks of the civil service and government, have led to the emergence of an underground opposition. It has so far posed no serious challenge to the authority of a government firmly in the Western camp.

Mrs Thatcher's real challenge in her tour comes when she reaches Nigeria, where her short stay - little more than a day - could turn out to be fraught, notwithstanding a warm welcome from President Babangida.

He admires Mrs Thatcher for her political determination and appreciates her support for his government's economic reforms, designed to restore what has been a badly-managed and cor-

rupt economy hit by a slump in oil earnings from a peak of \$26bn in 1980 to about \$5bn-6bn in 1987.

At the same time, the rift with Britain over the abortive kidnapping in London in 1984 of a prominent Nigerian exile, Mr Umaru Dikko, has healed, and other minor disputes have been settled.

The most contentious bilateral concern is Nigeria's refusal last September to accept the validity of some \$2bn of uninsured trade claims. Angry British creditors expect the Prime Minister to take up the cudgils on their behalf.

But notwithstanding President Babangida's endorsement of the visit, Mrs Thatcher's presence will not be welcomed by several members of the ruling military council, nor by most of the country's lively press.

Her opposition to sanctions is almost overshadowed by her recent description of the African National Congress of South Africa as a "terrorist organisation" - a phrase which many Nigerians believe shows where the Prime Minister's heart lies.

President Babangida must be hoping that they will be proved wrong when Mrs Thatcher tackles the subject of South Africa in her speech at a state banquet in Lagos next Thursday night.

Jailed financier is freed in Hong Kong

BY DAVID DODWELL IN HONG KONG

MR AMOS DAWE, the Singaporean financier extradited to Hong Kong in 1985 after being convicted in his absence of fraud, has been freed after serving two years and eight months in jail.

Mr Dawe sidestepped journalists waiting to interview him outside Hong Kong's Stanley prison.

Officials refused to disclose whether special arrangements had been made for Mr Dawe's release, but a prison inmate also released on Thursday said he had been deported to Taiwan.

Mr Dawe, who was once a postal clerk, made and lost a fortune in the 1970s in financial dealing through his company Mosbert Holdings.

He married a Thai princess - the great-granddaughter of Thailand's King Rama IV.

When his financial empire collapsed in 1978, he fled to the United States.

On his arrest in 1979 he fought

for two years trying to avoid extradition to Hong Kong to face charges of conspiring to falsify statements linked with a HK\$92m deal involving Mosbert Holdings.

When he was eventually returned, he was found guilty after an eight week trial in a district court - and by the time a court of appeal had reversed the district court decision, sentencing him to five years' jail, Mr Dawe had left Hong Kong.

It was not until 1984 that he was discovered - arriving at Heathrow airport on a false Costa Rican passport.

Rather than face fresh extradition proceedings, Mr Dawe surrendered and was escorted back to Hong Kong in January 1985.

He twice unsuccessfully petitioned Hong Kong's governor for early release - moves that attracted widespread interest because of threats by Mr Dawe's wife to divorce him if the petitions failed.

Taiwan trade likely to hit record \$88bn

TAIWAN'S external trade is expected to hit a record \$88bn (\$66bn) for the whole of 1988, the Board of Foreign Trade said, Reuter reports from Taipei.

Trade would reach about \$88.3bn for the year compared with \$83.96bn in 1987, officials said.

Taiwan would become the world's 13th largest trading nation with its 1987 total trade volume, pushing its ranking ahead of South Korea, Sweden and China for the first time. Last year, the island was the 18th largest trading nation.

Taiwan's exports were expected to total \$53.6bn and its imports \$34.8bn this year, compared with exports of \$39.79bn and imports of \$24.17bn last year.

But 1988 would be a "thorny year" because Taiwan would face slower economies in its major trading partners, a further appreciation of its currency, and strong pressures to open its markets.

Taiwan has set its 1988 trade target at \$106.2bn.

Bomb at Buddhist ceremony kills 3

BY MERVYN DE SILVA IN COLOMBO

A bomb blast during a Buddhist ceremony in the Sri Lankan city of Kandy killed three Sinhalese and injured 87. The deaths brought the week's toll to more than 50 civilians and the year's casualty figure to more than 1,000, including Indian soldiers.

Police arrested two Sinhalese youths whom they said belonged to the banned Sinhalese extremist party, the JVP (People's Liberation Front). Thousands had gathered in the Buddhist central province capital for the ceremony.

Meanwhile, clashes between Tamil Tigers, the main separatist group and a group called Jihad left 26 Tamil and Muslims dead in Batticaloa, Katarakudy and Gravur in the ethnically mixed eastern province. Jihad is believed to be pro-Iranian.

In Morawewa, a predominantly Sinhalese area in the north-central province, Tamil Tigers murdered 13 Sinhalese settlers.

A that "youth violence" wiped out "by counter-violence".

In Dickwella in the deep south and six JVP members were killed by the army elsewhere in the Sinhalese south.

"We are turning into another Lebanon," said former Prime Minister Sir Sirima Bandaranaike in a New Year interview. She told the Financial Times: "1987 is probably the most violent year since independence 40 years ago, and this has happened five months after President Jayawardene promised peace when signing a ceasefire with India. There are 40,000 Indian troops in the north and east and just see what has happened in the east these past two days. Now we have Tamil Tigers, the Sinhalese JVP and Muslim Jihad. Let us hope the people are given a chance to elect a new government. 1988 may be even more terrible."

The Kandy bombing came after Prime Minister Premadasa lashed out at those who thought the danger signs were being wiped out "by counter-violence".

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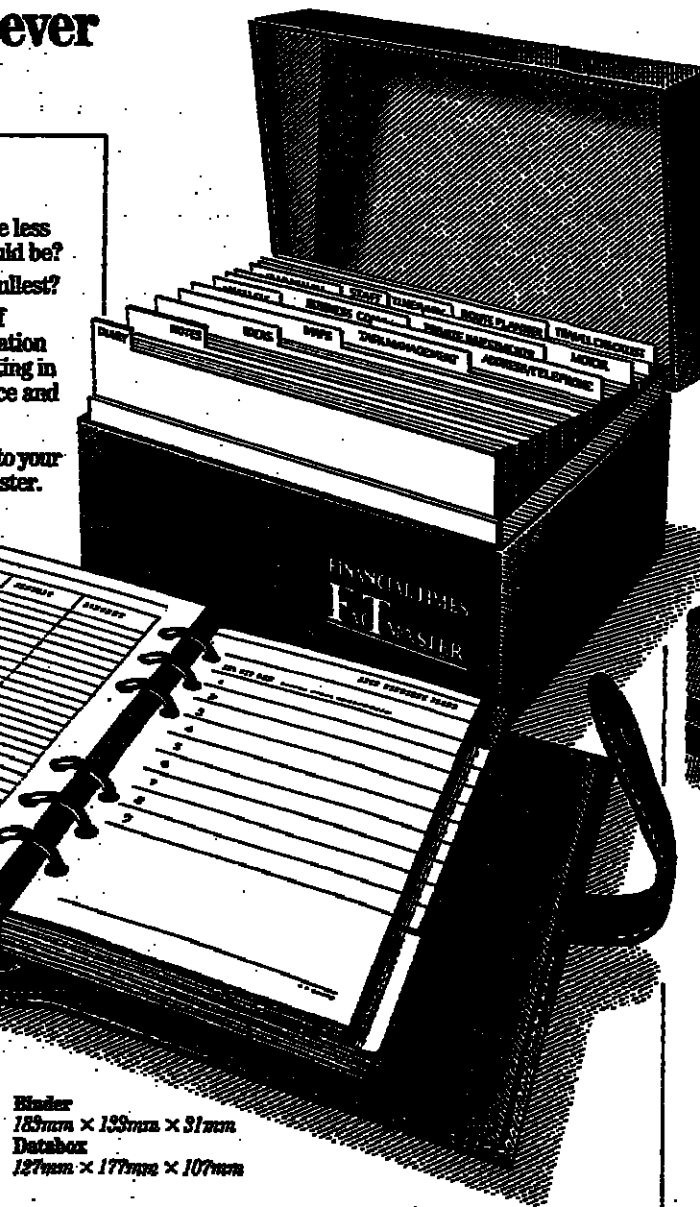
Second are the five different sections, each lasting for 12 months.

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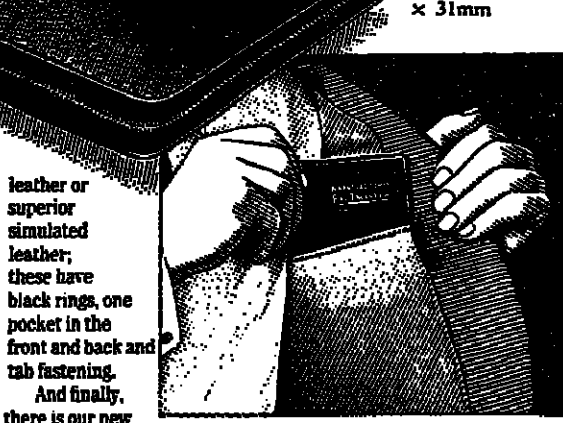
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Analyses/Private Investments Tables to monitor shares, overseas investments, insurance and wear and tear.	Field-Out Forward Planners Plans for long term planning and give you the opportunity to make engagements and appointments well ahead.	Task Overview define your objectives and sub-monthly break down each project into its elements or sub-tasks.
Analyses pages include eight column analysis sheets and graphs with metric, inches or logarithmic scales.	Staff Holiday Planners To keep you fully prepared for any forthcoming leave.	Sub-Task, Action Plans, and Timelines are the implementation pages of your project management that keep your tasks moving ahead on schedule.
		Task Lead Clues These fold out sheets show if you're overloading yourself so that you become aware of the danger signs well in advance.

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UK NEWS

BAe to press for cheaper supplies as dollar falls

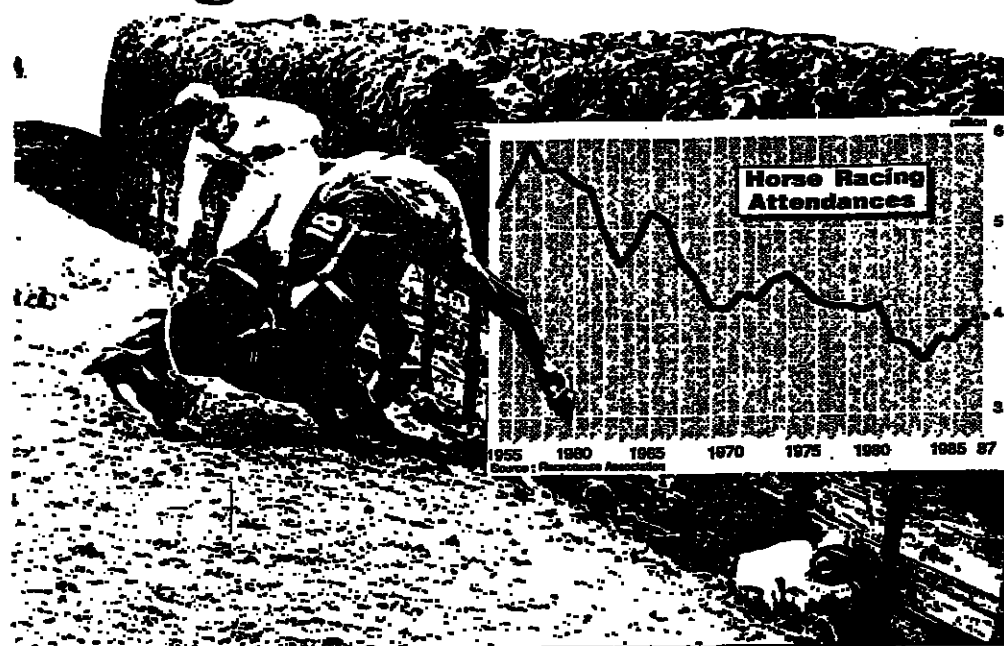
BRITISH AEROSPACE, the aircraft, missiles and space equipment manufacturer, is seeking cheaper deals with its many hundreds of suppliers in the wake of the continued decline of the dollar.

MPs given 22% pay rise under linked plan

MPs this week receive a 22 per cent pay increase as part of a plan to end the annual controversy over their pay rises.

Ralph Atkins discovers that the sport of kings is clearing the hurdles of the past Horse racing strides into profitable form

THE RACING business, a distinguished animal of good breeding, found the going very hard in the early 1980s, but with the management blinkers off this fine beast is showing form in the race to attract the sporting public of 1988.



important considerations but it is the attendance figure he watches closest. Here the main determinant, he says, is usually the weather.

A rigid, regulated racing calendar is the best way to satisfy these aims, the club believes. The number of racing fixtures is at slightly more than 1,000 a year with Saturdays and bank holidays carefully rationed between courses.

Money supply on target

THE BANK of England confirmed on Thursday that there had been only a modest expansion in money supply during November.

Government's target range of 2 to 8 per cent expansion a year

Final figures for M3, the broad money aggregate, showed after the usual adjustment that there was no rise in that measure during November.

example of good form in course management. Its business acumen is probably a neck ahead of the average racecourse.

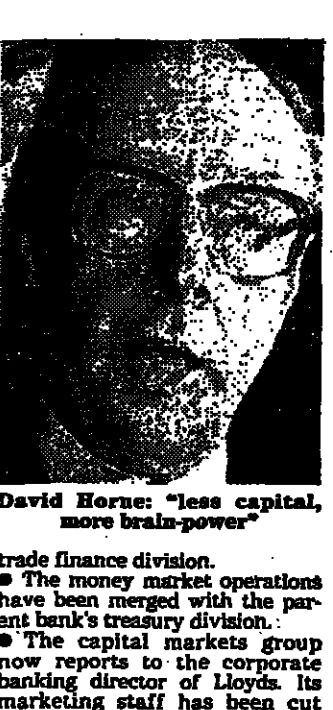
The course is anxious to make use of its facilities all year round. Racing takes place on just 28 days - above average for Britain's 60 racecourses - leaving potential to seek alternative sources of revenue.

owned by the Jockey Club management. Its business acumen is probably a neck ahead of the average racecourse.

25,000, is light - just 13 backed up with seven administrative staff. On race days up to 400 temporary staff are employed.

Lloyds Merchant Bank chief replaced

BY RICHARD WATERS LLOYDS MERCHANT BANK, part of the Lloyds bank group, has replaced its chairman and chief executive as part of a shake-up that signals a significant change in strategy.



back and now accounts for just three executives. The pared-down LMB - consisting of corporate finance, development capital, investment management and a stockbroking operation to service the parent bank's securities-based services.

The investment banking arm of a clearing bank, National Westminster, announced a new chairman shortly before Christmas.

Polymers plant for Merseyside

AMERICAN COLLOID of Illinois is to build a \$33m plant at Wallasey on Merseyside to make super-absorbent polymers.

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Table with columns: Product, Applied, Net, Interest, Minimum, Access and other details. Lists various investment products and their terms.

Downing St to review press embargo system

DOWNING STREET is to review the embargo system under which newspapers are given advance details of Government announcements.

Thatcher to savour her tenure

MRS MARGARET THATCHER will tomorrow celebrate her tenure as the longest, continuously serving British Prime Minister this century, before leaving on Monday for a short visit to Kenya and Nigeria.

Multi-purpose scheme for former Notts colliery

A DISUSED colliery site in Nottingham is to be replaced by a mix of housing, leisure facilities and retail units, a developer for British Coal said.

Insurance broker director resigns

MR IAN STOCK has resigned as a director of Derek Bryant Group, the Lloyd's insurance broker.

Michael Cassell reports on the Prime Minister's record time in office

unpopularity but also presided over reforming governments which legalised trade unions and abolished the death penalty for crimes other than murder.

GRANVILLE SPONSORED SECURITIES

Table with columns: High Low, Company, Price, Change, Div. Yield, % P/E. Lists various securities and their performance.

UK NEWS

EMPLOYMENT

Investors 'cautious' on equity prospects

INVESTORS DO not envisage a substantial recovery in equity prices this year, according to an annual survey of investment opinion conducted by Shearson Lehman...

Philip Stephens reports on the uncertainty among the City's natural worriers

Crash clouds economic outlook for 1988

LONDON'S FINANCIAL markets are not quite sure what they should be worrying about as they peer into the 'clouded' crystal balls for 1988. Britain's economic outlook for 1988...

Forecasts for 1988

	GDP	Prices	Unemployment	Current account balance	Rate
82W	2.75	5	2.1m	-£4bn	8
6-8W	3.5	4	2.5m	-£3.5bn	10
1-83	3.0	4	2.4m	-£2.5bn	10
P48	2.5	4.25	2.5m	-£4.5bn	8

The initial response to October's stock market crash and to the dollar's slide on foreign exchange markets was that the big risk on the horizon was of worldwide recession. The market turbulence of the past few days suggests that it is a risk that has not gone away...

that a strong pound will wipe out industry's competitive gains and threaten a rapid deterioration of the balance of payments. The second half of the year may be marked by both sagging growth and a weakening pound...

Japanese 'work longer' to buy consumer goods

By Philip Bassett, Labour Editor

WORKERS in Japan need to work almost half as long as British workers to buy such items as a small colour television set, according to a study of employees' comparative international purchasing power...

Lloyd's underwriting capacity increased

By Richard Waters

LLOYD'S, the specialist insurance market, will be able to underwrite almost 25 per cent more insurance business this year than in 1987...

The market will comprise more than 83,600 members, each of whom must prove wealth of at least £100,000, put up a deposit of at least £20,000 and accept unlimited liability for insurance risks...

Housebuilding starts 'highest for 14 years'

By Andrew Taylor

PRIVATE housebuilding starts in Great Britain in 1987 were the highest for 14 years, according to figures published by the National House Building Council...

Machine tool industry foreign trading 'improves'

By Nick Garnett

THE BRITISH machine tool industry appears to have improved its international position in 1987 in spite of a very weak domestic market...

The decline of the dollar. Lloyd's premium ceilings are expressed in sterling, whereas 80 per cent of the market's business is conducted in dollars...

CABINET PAPERS FOR 1957

Salisbury quit after clash over Cyprus

TENSE SCENES in the Cabinet which led to the resignation of the Marquess of Salisbury, Lord President of the Council, are recorded in the Cabinet minutes for 1957...

Windscale fire danger disclosed

THE FULL magnitude of the danger created by the fire in the nuclear reactor at Windscale in 1957 is disclosed in the Cabinet papers for that year released at the Public Record Office in Kew, London under the 30-year rule...



Harold Macmillan worried about US opinion

The authority stated in the minutes that could reasonably be inferred from the Committee of Inquiry's report that this accident might have been very much worse and that a similar or worse accident might have occurred upon a number of occasions during the last few years...

Rows over spending plagued Government

BITTER BATTLES over public expenditure, which eventually led to the resignation in 1968 of Mr Peter Thorneycroft as Chancellor of the Exchequer, are disclosed in the Cabinet papers...

of the Government. They said the measures would cause industrial dislocation, the failure of small businesses and increase unemployment. The package would be unwelcome to government supporters and the political implications would be dangerous...

REPORTS BY JOHN HUNT

Political realism of Macmillan unveiled

A GRAPHIC picture of former British Prime Minister Harold Macmillan as a leading actor and manager on the international political stage emerges from the Cabinet papers released at the Public Record Office...

TUC to offer computer system on health issues

By Our Labour Editor

THE TUC is to offer trade unions a compact disc computer information system as a means of increasing their access to information on health and safety and other issues...

Scargill criticised on pay

By Our Labour Editor

MINERS' PAY has fallen behind in the last six years by between £47 and £77 a week, according to Mr John Walsh, the candidate opposing Mr Arthur Scargill for the presidency of the National Union of Mineworkers...

Dairy backs down on franchise

NORTHERN Dairies, a Northern Foods subsidiary, has backed down over its proposal to franchise compulsorily some 600 milk rounds in north-west England...

FINANCIAL TIMES

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Saturday January 2 1988

A time for caution

PRIDE goes before a fall. It is quite surprising how rapidly the UK has become accustomed to its relatively good economic performance. The few believing monetarists have become, like Cassandra, somewhat ridiculous. Remember, however, that her curse was to be disregarded but right. Are the monetarist Cassandras right now?

The UK economy departs 1987 growing at an extraordinarily rapid rate. Average GDP in 1987 will turn out to be more than 4 per cent higher than in 1986, but the rate of growth appears to be accelerating. Annualised GDP growth in the second half of the year seems likely to be about 5 per cent to 7 per cent. Manufacturing output in the three months to October 1987 was 6.5 per cent higher than in the corresponding period in 1986, the annualised rate of growth being higher still.

1987 looks ominously like another postwar "dash for growth". The question is whether the current expansion will end any differently from the "Maudling boom" of 1964 or the "Barber boom" of 1974. If Mr Lawson may wish to become Foreign Secretary soon, but it will still be too late to save his reputation.

The answer depends on what is driving the economy. The optimist would argue that improvements in productivity and international competitiveness, leading to higher exports and real incomes, have resulted in sustainable, non-inflationary growth. The pessimist would stress the rapid growth of money and credit, falling rates of private saving, and the deterioration in the external accounts.

A plausible story can be built up to support either view. Prior to the last year, the virtuous circle hypothesis looked quite persuasive, not least because of the longevity of the expansion. Present rates of growth are quite another matter. It looks increasingly likely that an exceptional demand-led expansion has been superimposed upon a marked improvement in the supply-side performance of the economy following the recession of 1979 to 1981.

Weak constraint

What is certain is that some arguments being used for taking a relaxed view of developments in the economy are misleading. It is suggested, for example, that the deterioration in the external accounts merely reflects the relative strength of the UK economy. It is also argued that so long as the exchange rate link against

the D-Mark is maintained the risks of acceleration in inflation is small. Finally, it is suggested that the existence of a pool of external assets, estimated at \$162bn at the end of 1986, will make it easy for the UK to run a substantial current account deficit.

As anyone with a knowledge of Taiwan or Korea could tell the Chancellor, there is no necessary relation between the relative growth of an economy and its current account. Indeed, whether growth is accompanied by a stronger or weaker external position is one way of judging whether one has a supply-side miracle or unsustainable consumption on one's hands.

The D-Mark link does, it is true, impose some constraint on domestic inflation but the constraint is particularly weak when the credibility of the link on the downside is itself weak, as it is for the UK. Even without that qualification, however, it is quite easy for prices to move out of line before the squeeze on demand (and so prices) begins to force readjustment, while the influence of wages is necessarily indirect.

Finally, the ability of the UK to run an external account deficit depends on the perceived creditworthiness of the borrowers. The fact that some UK residents own substantial foreign assets will not necessarily make it easier for others to borrow abroad. Borrowing decisions largely to consumption would certainly run into limits, as foreign lenders begin to doubt that the debt will be serviced.

Tax cuts

In short, complacency cannot be justified by the UK's present economic condition. There is a definite possibility of a smooth deceleration of growth but of a hard landing some time in 1988. Furthermore, that risk should be taken more seriously than those associated with caution, since the costs of lowering inflation after too rapid expansion far exceed the joys of that rapid expansion itself.

A catholic round the world rest of the world suggests a rampant royalty. Whatever happens in Afghanistan, Zahir Shah, deposed as monarch in 1973 and now living in Rome, reckons to be a player. So does Sihanouk, a Prince now that his old fiefdom, Kampuchea, is back on the negotiating table.

The Inkatha movement of tribal Chief Buthelezi of KwaZulu matters in the South African context; Hussein (Jordan) and Fahd (Saudi Arabia) cannot be ignored in the Middle East; less majesty is still a dynastic marriage, involving Ms Bhutto, could change the shape of Pakistani politics. In fact throughout the Indian subcontinent strategic aristocratic marriages seem to be the order of the day. In this respect, Britain does conform, for

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Strung along the truss will be equipment such as solar panels to provide power and a computer system to process data and monitor operations record 326 days in orbit. His such as laboratory experiments. There will also be docking units for space vehicles such as the space shuttles due to service the base. Astronauts will spend up to three months aboard the station. Much thought is going into how to make their stay as comfortable as possible. "I think it will be quite homey for the crew," says Mr John Winch, deputy space-station programme manager at Boeing, which is working on a \$750m contract to design the astronaut quarters and laboratory units.

On living in orbit, US engineers can learn from their Soviet counterparts, who have now kept people in orbit for more than 10 months. Most US flights using the shuttle fleet have lasted for no more than 10 days.

A factor to which the Russians have paid special attention has been the need to give spacefarers plenty of exercise. On the US-led station a mini-gymnasium, equipped with space versions of rowing or cycling machines, will have a key role. This exercise room will share space with the toilet and washing facilities in the centre of the station's 44 feet long accommodation module. The other two parts to the module, at either end, will comprise a dormitory and a wardrobe for communal activities such as eating and talking.

Well-known names in US industry, such as Whirlpool, the kitchen-appliance manufacturer, and General Foods, the foods group, are under contract to NASA to work on some of the domestic arrangements. They are trying to devise such things as totally reliable dishwashers that will not spew water around the orbiting base, and new brands of freeze-dried and chilled meals.

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There will no doubt be heavy competition for an area near a window. Astronauts on the one previous US space station - a makeshift affair called Skylab which was built out of the dis-

Peter Marsh looks at the progress of plans by the US and its allies to build an international space station

A last chance in the space race

Smith always found his 90-minute-a-day keep-fit routine a shade stressful, and began to perspire as his legs drove the exercise bicycle. Strange how working the machine in zero gravity seemed that much more tiring than back on earth.

The busser having at last sounded to mark the end of the session, Smith floated into the space shower and found to his annoyance that its special spinning attachment, which was meant to stop water droplets drifting around the wardrobe, had jammed.

Cursing softly, the astronaut flicked on his personal entertainment module. The baseball game taking place in Houston 300 miles below was not worth watching, so he teddy examined a video recording of the schedule for tomorrow's crystal-growing experiments.

Smith had time to trowace his colleague, Yakamoto, at space draughts, the pieces held to the board by sticky pads, before retiring to his sleeping cubicle.

Sleep was delayed, however, as with rising consternation Smith brooded on dealing with the fruit flies which had escaped that morning from the space station's biology module. Damn Marston-Jones, the eccentric English astronaut who had dreamed up the experiment! And if only that fellow Frudischer in the next cubicle would stop snoring...

WELCOME to life aboard the world's first international space station. Assuming plans by the US and its partners from Western Europe, Japan and Canada proceed smoothly, scenes such as this should be enacted in the heavens by about 1996.

The station, with room for a crew of eight and a host of scientific experiments, is likely to cost \$30bn (£16bn) and will be the biggest Western space project of the 1990s. It may lead to industrial benefits, possibly including the production of new drugs, or of ultrapur semiconductor.

Above all, however, the project is an effort by the US, Japan and Western Europe to provide one each. The other module, part of the US contribution, will be the living quarters. Canada's role is to build a remote-controlled crane which will help in constructing and maintaining the station.

Despite this week's setback, the US-led project took an important step forward recently with the award by the US Government of some \$6bn worth of contracts for designing and building the celestial structure.

Boeing, McDonnell Douglas, Rockwell and General Electric will scoop the lion's share of the construction work, with other contracts shared among scores of other enterprises. The US National Aeronautics and Space Administration is managing the project.

At the heart of the structure is a series of four pressurised modules, each a cylinder roughly the size of a single-deck bus. These will be joined in the centre of a long, slender truss the height of a 30-storey building.

Three of the modules are to be for experiments, with the US, Japan and Western Europe planned to provide one each. The other module, part of the US contribution, will be the living quarters. Canada's role is to build a remote-controlled crane which will help in constructing and maintaining the station.

The most severe obstacle is the continued question mark over the safety and efficacy of the US space shuttle fleet

carded parts of a Saturn rocket and saw service in the early 1970s - found their most relaxing recreation was gazing at views of the earth.

As for building the base, Nasa plans this to be done in stages, from 1994 onwards. The hope is that over a period of two years, about 20 shuttle flights will ferry the parts for the station into orbit, where astronauts in space suits will snap together the pieces rather as a child would fashion a toy house from Lego.

The most taxing part will be building the huge truss structure, which will be made from hundreds of individual beams constructed out of plastic-based composite material. The complex logistics will require "a lot of good common sense," says Mr George Butler, director of the space-station division at McDonnell Douglas, which will be in charge of the truss building work.

Despite Mr Butler's view that the station plan contains nothing especially demanding from a technical point of view, observers see pitfalls ahead. One of the biggest problems is likely to lie in tethering components in space to ensure they do not drift away before construction starts.

There are no guide books (to building the station); nothing like this has been done before," says Dr Max Faget, an eminent former Nasa engineer who has worked on every US manned space programme since 1967.

Even if the US space community can deal satisfactorily with the technical aspects, there are many other obstacles. Perhaps the most severe is the

continued question mark over the safety and efficacy of the US space shuttle fleet, which has been grounded since the Challenger disaster of January 1986.

The shuttles, which will be vital to building and servicing the station, are still due to be flying again later this year, but few people are confident about their vehicles, acting as the ultra-reliable "space trucks" which, at one time, they were touted to be.

Nasa may also find it increasingly difficult to obtain the cash it needs from Congress. It is thought likely that Congress will grant only a little over half the \$740m which Nasa wanted for the station in the current financial year. There is the added possibility that the entire project may be downgraded once a new President is in the White House in about a year's time; he may have different views from President Reagan, who has generally supported the station.

Although everyone talks about the station as an international project, the US still has to complete agreement with Western Europe and Japan. While the Canadians are ready to go ahead with their contribution, the other two international parties say they are not yet satisfied that the US will give them enough say in managing the base once it is finished. Final agreement is due within the next month or so.

Even in the US space community, not everyone is eager for the station to go ahead. Many space scientists have criticised the project as too grandiose and expensive and for

failing to put money behind new technologies. Mr Gary Hudson, a leading US space enthusiast, grumbles that the station project is "a public works programme for Nasa."

Mr Hudson, who is president of Pacific American Launch Systems, a Californian company attempting to build space launchers for the Defence Department, says that for the price of the project the US could have bought not one but two Mir stations from the Soviet Union. He says he would have preferred the US to have spent the cash doing something genuinely new and exciting, such as designing a rocket to go to Mars.

Nevertheless, there is a feeling that the space station project is the US's last chance to get its space programmes act together in the 1990s. If the scheme succumbs to any of the difficulties, it is thought, the country will have effectively ceded space leadership to the Soviet Union for the foreseeable future.

Some observers have gone as far as to comment that the international space station could help bring the West and the Soviet bloc closer. Mr Thomas Paine, a former Nasa administrator who was in charge of the agency in its heyday during the Apollo Moon programme, predicts closer co-operation in space between the US and the Soviet Union.

Mr Paine believes the international space station will play an essential part in the US's extraterrestrial effort. He says of the space station: "A lot of complexities lie ahead but I think they can be worked out."



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The Men of 1988



In the picture: (l to r) Dukakis, Hiro, Sihanouk, Fahd, Hussein, Buthelezi and Bradley

Royalty rules, OK?

By Jurek Martin

ON THE face of it, 1988 ought to be the year of the politician. It is hard to find a democracy which is not holding an election, local or national, and several countries not normally considered democratic are also experimenting with forms of popular participation. The obvious exception is, of course, Britain, but, so as to avoid an injunction, we will not explore this line of thought further; in any case we made Mrs Thatcher Woman of Last Year.

Curiously, however, this could be the year in which those who have not had to rely on the ballot for legitimacy - i.e. royalty and aristocracy - re-stamp their mark on the world. This is not to suggest that Zog, Bokassa and assorted Borbons and Duvaliers will rise again, from the grave and other redoubts, nor indeed that Prince Charles should or would move into Buckingham Palace. But it is remarkable how much news they continue to make.

In Japan, for example, it looks as though Emperor Hirohito, 63 years on the Chrysanthemum Throne, will finally fade away and be replaced by his son, Akihito, the Crown Prince. This may constitute a fair-sized trauma for Japan and probably will reduce productivity and the trade surplus by itself. Not that Akihito would want this for he is basically a nice chap, in his mid-fifties now, closeted for much of his life by Imperial courtiers, but brave enough to

marry a commoner, Michiko Shoda, and modern enough to have acquired passable English and a rock-solid tennis forehand.

These contemporary tendencies worry some Japanese traditionalists, who, until 42 years ago, really did think the Emperor was God, but, by other than their exotic standards, Akihito is no flaming liberal; and the Crown Princess is smashing.

A catholic round the world rest of the world suggests a rampant royalty. Whatever happens in Afghanistan, Zahir Shah, deposed as monarch in 1973 and now living in Rome, reckons to be a player. So does Sihanouk, a Prince now that his old fiefdom, Kampuchea, is back on the negotiating table.

The Inkatha movement of tribal Chief Buthelezi of KwaZulu matters in the South African context; Hussein (Jordan) and Fahd (Saudi Arabia) cannot be ignored in the Middle East; less majesty is still a dynastic marriage, involving Ms Bhutto, could change the shape of Pakistani politics. In fact throughout the Indian subcontinent strategic aristocratic marriages seem to be the order of the day. In this respect, Britain does conform, for

whoever gets kicked upstairs to replace Lord Whitelaw, deputy Prime Minister, is going to have a tough public role keeping the ermine under control. (Five pence says it will be Sir Geoffrey Howe, because he too much of a gentleman not to play along.)

By this logic, in the main event of the year in the US, the favoured son should be Michael Dukakis, known as Duke, and Greek like the one called Edinburg, and maybe he will do well. Certainly it is a presidential election which the Democrats will win, but can easily lose if they fail to come up with the right candidate.

There is a man, of humbler birth, who, a certain shortage of glossy charisma notwithstanding, could knock the Republicans into a ticorn; anyone who for ten years could sink nine out of ten foul shots in front of 19,000 screaming fans in Madison Square Garden is prima facie qualified for the presidency (a few ideas on international debt, the Soviet Union etc, also help a bit). Somewhere in the spring, Number 24, Bill Bradley, the Senator from New Jersey and the basketball-player from

New York, will decide whether or not to get into the game; the betting is he will not; the certainty is that whatever he decides will matter; hence he must be watched, more than, it says here, Mario Cuomo of New York.

The next biggest election is in France, and one school of thought says that the outcome in fact lies in the hands of a man who will not be running for president, Mr Charles Pasqua, the minister of the interior. Put simply, he can make Mr Chirac look good (by getting all French hostages released from the Middle East) or bad (by not not feeling them or bungling the process). Either way, he figures, on the left, M Michel Rocard has his admirers, as any former French agriculture minister very properly should. While on the subject of pasta, it can be assumed that Mr Bettino Craxi will stir the pot in Italy.

This is, of course an Olympic Year, and indeed Mr Andreas Papandreu will, it is confidently predicted, win the Greek political marathon, which may or may not pass through Turkish territory. Unfortunately, the games themselves in Seoul will be held in the middle of the night for the European time zones. We may never know who has won what, and we may not care either, except that it is certain that Sebastian Coe will win a gold medal, even if it is in synchronised swimming.

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WE HAVE A WEALTH OF EXPERIENCE

Richard Tomkins sees lean times ahead in the new issues market

PITY THE entrepreneur who brings his company to the stock market in the wake of Black Monday.

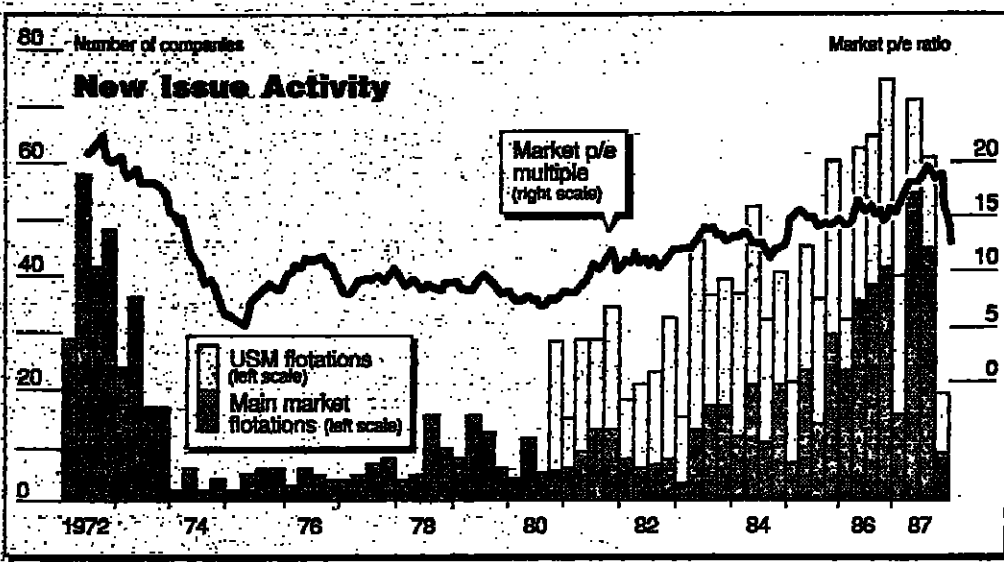
Even without a stock market crash, a flotation involves a degree of personal sacrifice. Company yachts and the family cars have to be stripped out of the balance sheet, the wife's career as a director is brought to a premature end, and the entrepreneur himself may have to take a hefty pay cut to provide a more equitable distribution of wealth among the shareholders.

One reward of this exercise in self-denial is the change in the entrepreneur's status. No longer just another small businessman, he is now the chief executive of a quoted company. His rising share price reflects the regard with which he is held in the City, and the flotation is likely to turn him into a millionaire overnight, at least on paper.

In present stock market conditions, the reality is different. The fall in share values means the entrepreneur's shares will be worth much less, and they may face a real struggle to maintain their issue price once dealings begin. The businessman's friends will question his wisdom in launching the company, characterised by fear and uncertainty.

It is little surprise, then, to find that many entrepreneurs are questioning whether a flotation makes sense any more. The rate at which companies are now coming to the stock market has halved from an average of three a week between January and October to one-and-a-half a week now, and the big accountancy firms, which tend to be the first port of call for would-be floaters, report a sharp fall in the inquiry rate.

The implications of this downturn in new issue activity, of course, go beyond the personal welfare of a few individuals. Entrepreneurs for whom the sole motive of a flotation is self-enrichment are in a minority; most are also seeking capital for the expansion of their businesses. And it is not just small companies which have been affected. The rate at which large companies have planned floatations late last year or early in 1988 - notably Sotheby's, the Courage Pub Company and Sealink UK. At Sotheby's, the fine art auctioneer, Mr Alfred Taubman, the chairman and other shareholders had expected by now to have sold off 29 per cent of the company's shares for a total of £100m (nearly \$100m) through simultaneous issues in London and New York, but they pulled the issue back last month.



The torrent dries to a trickle

figure will be the cost of honouring the Bank of England's promise to buy back unwanted BP stock until next Wednesday - but heavy buying by the Kuwaitis has helped limit the potential damage.

In 1988/89, too, the Treasury already has most of its £5bn in the bag with further fixed-price instalments due on the British Gas, BAA and BP shares. But beyond that, the Government will become more dependent on stock market conditions for successful floatations of British Steel, the other half of British Telecom, the electricity supply industry, the water authorities, the Rover Group and National Girobank. A prolonged market depression could limit the Government's room for manoeuvre on the Budget front after this year.

There is another tier of new issue casualties. In the shape of a group of large companies which had planned floatations late last year or early in 1988 - notably Sotheby's, the Courage Pub Company and Sealink UK.

At Sotheby's, the fine art auctioneer, Mr Alfred Taubman, the chairman and other shareholders had expected by now to have sold off 29 per cent of the company's shares for a total of £100m (nearly \$100m) through simultaneous issues in London and New York, but they pulled the issue back last month.

The Courage Pub Company was to have emerged around now from a complex restructuring plan wrought by Elders IXI, the new Australian owners of the Courage brewery group. The idea was to wrap up Courage's estate of 5,000 public houses into a separate £1bn company, leaving the operation of the houses with the existing Courage group.

Half the property company was to have been floated off on the London stock market, producing a cash injection of £500m for Elders, but the parent group said it would have been hopelessly optimistic to go ahead in current market conditions. Like the Sotheby's issue, the Courage Pub Company flotation is to await better times.

Sealink UK, the ferry company, is a wholly owned subsidiary of the Bermuda-based Sea Containers group headed by Mr James Sherwood and has been destined for the stock market since it was bought from British Rail for \$66m in 1984. The plan was for a flotation in the spring in which 49 per cent of the company's shares would be sold off for between £75m and \$100m.

This was the latest in a string of launch dates for Sealink which have come and gone, and it now looks increasingly unlikely. More probable

is an issue towards the end of the year, by which time the market may have stabilised and the company will be able to sell itself on the back of a profits forecast for calendar 1988.

One factor which all these postponed issues have in common is that, as with most privatisations, all the money raised is intended to go to existing shareholders rather than to the companies being floated. So the postponement has more impact on the vendors than on the companies themselves.

For smaller businesses, however, the effects of a flotation postponement are often more directly felt - and not just by the boss's children, who may find their tuck boxes and winged collars embarrassing at the new issues market. Few large companies which had planned floatations to raise equity finance for expansion are now having to reassess their strategy.

One option chosen by some companies in the last few weeks has been to go ahead with a flotation but at a much lower price. This may make sense to businessmen who have already invested a great deal of time and money in preparing for the market. Others may question whether the ability to use such lowly valued paper outweighs the costs and strains involved in submitting

their companies to public scrutiny.

As Phillips & Drew's chart of new issue activity over the last 15 years illustrates, the flotation rate is highly responsive to the values which the stock market attaches to shares. When price/earnings multiples slumped in 1973/74, new issue activity came almost to a halt. The beginnings of the same reaction are evident in the last quarter of 1987.

The most likely alternative to a flotation for the entrepreneur wanting both to realise his investment in the business and to secure capital backing for growth is to yield to a takeover.

This is already a far more common exit route for small companies than a quotation. Indeed, 31, the investment group, says only about 10 per cent of its investments are realised through a stock market issue, with the rest going through acquisition.

But this is not the only option. Another slightly less impetuous one is to do nothing; to watch what happens early this year, in the hope that the stock market will settle.

The waiting could be painful for some, especially businesses acquired through highly leveraged management buy-outs which were financed in the hope that debt could be eliminated in a year or two through an equity issue.

But companies which have shelved their flotation plans do not expect them to gather much dust. As City stockbrokers emphasise, it is the market's volatility which is curbing new issue activity rather than the absolute level of the market. In spite of its dramatic October fall, the FT Actuarial All-Share index is still above its level throughout most of 1986, a period which saw record new issue activity. So there is good reason to believe that a period of stability would bring a swift upturn in the number of newcomers.

The immediate outlook, however, is for lean times in the new issues market. Few large companies are going to try to outdo Eurotunnel, whose offer for sale was undersubscribed in spite of assistance from eight issuing houses, simultaneous stock offerings in two countries and one of the most expensive floatations yet seen on the London market. A trickle of tiny placings is likely to provide the sole source of excitement for the next few weeks - and not much of it at that. Where new issues are concerned, the market is in the mood for familiarity, not experiment.

Art in the Office

A splash of colour on the wall

By Nikki Tait

"LOOK AT THAT." The soft Scottish tones of Bill Smith, director of Robert Fleming Investment Management, warm with outrage.

A faulty contract note? A client who won't pay up? Not a bit of it. Access to Mr Smith's desk has been barred by two large oil paintings - and the delivery service has jammed the canvases dangerously hard against its steel edge.

Asset protection is one of the problems flowing from a decision to adorn the walls of the City-based merchant bank with something better than Canaletto imitations or prints. For Fleming is one of a rare breed of British businesses which takes its walls seriously. Overall, UK companies are believed to spend about £200m a year on art and sport sponsorship. But most of that goes on public events, competitions and the like. Bedecking the company's own offices remains a rarity.

The Fleming collection boasts over 500 Scottish paintings, concentrated on the nineteenth century Glasgow School and turn-of-the-century Scottish Colourists, all of which are hung round the bank's new offices in Copthall Avenue. Similarly, visitors to the headquarters of Granada, the TV and leisure company, off Oxford Street, will find the walls adorned with canvases by Ben Nicholson, John Hoyland, Francis Bacon, Patrick Caulfield and other contemporary artists.

Often the decision to build a collection appears to have stemmed from logistics. Fleming first pondered the idea when it moved into new headquarters in Crosby Square in 1968. De Beers - its 500-plus paintings, tapestries and prints include Picasso, Hockney, Miro, Graham Sutherland and Henry Moore - was prompted by the prospect of large blank spaces when it expanded across Charterhouse Street in 1979.

Not all buildings are so kind. Lloyd's of London, now housed in its Richard Rogers-designed building, admits to running a built round a leafy internal courtyard - has provided a host of hanging opportunities. Those visitors unperturbed by the see-through lifts, can

throw up few spare spaces.

Whatever the starting point, collections invariably become the personal inspiration of individual directors. Perhaps the best-known businessman/collector is Charles Saatchi, one of the founding brothers of Britain's largest advertising agency group, who is reported to spend more than £2m a year on his contemporary art collection. It is, however, a personal affair, unconnected with the company and exhibited in a private gallery.

The Granada collection is more of a family interest. It was started several decades ago by Sidney Bernstein, uncle of the company's present chairman, Alex Bernstein. Active buying, had lapsed by the early 1970s, when his nephew picked up the idea. "I persuaded the board to appoint me as a committee of one," says Alex. "I do believe we should patronise the arts."

Invariably, the companies involved stress that it does not take huge sums to change corporate surroundings from looking like prints and posters shops to something faintly resembling a stoveroom at the Tate Gallery. Fleming, for example, says it never spends in excess of five figures during a year. Alex Bernstein says he seldom tops the £2,000 mark on a single purchase. Yet purchases - especially of contemporary art - on that scale can look highly advantageous within a few decades. Among the better-known Granada paintings, for example, is one of Francis Bacon's "Pope" paintings, completed in 1955 and bought by Sidney Bernstein in 1964 before the artist became universally revered.

De Beers, where director Anthony Oppenheimer is the guiding force, operates without a fixed budget. Happily for art, diamond prices are rising again. So Mr Oppenheimer, in the words of his assistant, "is having a bit of a binge."

What hangs where within a company provides a fascinating insight into corporate niceties. Fleming's new building - with its sleek, angular interior built round a leafy courtyard - has provided a host of hanging opportunities. Those visitors unperturbed by the see-through lifts, can

watch the canvases pass as they mount the building.

Unsurprisingly, the better pictures have a knack of gravitating to boardrooms, visitor's offices. Not always though. A small De Beers Picasso - a black and white nude - hangs discreetly at the end of a corridor leading to the boardroom. His earlier home was director Harry Oppenheimer's office - until it was decided that the lady's charms were not, perhaps, quite suitable.

The mechanics of maintaining a collection poses problems of a different kind. The air-conditioning in the new Fleming building at first produced extremes of heat and cold which did some paintings no good; Bill Smith still peers anxiously at the odd hair-line crack. Lighting, too, is a headache.

But there are compensations. Most companies are prepared to lend, which invariably brings publicity. De Beers even has the perfect promotional picture - a black and white Caulfield depicting a diamond engagement ring against a diamond lattice-work. Reproductions of the Fleming collection have been bound into a coffee-table book, which is sent out to present and prospective clients.

Although collecting companies usually stress that investment is not the aim of the exercise, the increasing value of pictures must not be underplayed. There is the famous - doubtless apocryphal - story of Lord Hanson surveying the Imperial Group's walls after his company's £2.6bn takeover in 1986. Touchingly, the Cayzers held on to boardroom portraits of British & Commonwealth's founding fathers (and uncles and nephews) when their family company, Caledonia Investments, sold out a 31.3 stake in the financial services and industrial group this year.

Finally, there are the personal rewards. "My favourite picture? Well, there is a Ben Nicholson I'm rather fond of," admits Alex Bernstein. The one that greets visitors in the reception area? Mr Bernstein sounds slightly sheepish. "Actually," he confesses, "it's in my office at present."

Letters to the Editor

A question of health spending

From the General Secretary of the Confederation of Health Service Employees (COHSE).
Sir, I was interested to read Joe Rogaly's article (December 17), entitled How to scrap the NHS. May I comment on his first "unpleasant proposition" - "to increase the demand for free NHS services is infinite". He states that "if you provide a service free at the point of supply, then demand is likely to be infinite". Surely this is not the case in health care. Certainly demand is currently outstripping supply, as we can see with ever-growing waiting lists and overstretched acute services. But the service provided by the NHS is fundamentally different from that provided by, say, sports centres or an under-fives nursery. To propose that the demand for free NHS services is infinite is to suggest that, for example, people will deliberately fall off bicycles in order to take advantage of free health care. I agree that people are more likely to seek medical attention if it is free at the point of service than if it were charged for, but in many cases this will mean that illness is detected early which may in fact save money for the NHS in the long term, because expensive treatment can be avoided. The majority of patients looked after by the NHS are in long-stay hospitals for the mentally ill, mentally handicapped and elderly. This care is required whether in hospital or, as COHSE argue, in the community, regardless of whether it is free at the point of supply or not, but it does not increase because no charge is levied. The fundamental point is that, regardless of demand, the UK spends a smaller proportion of

gross domestic product on health than any other European Community country except Greece (in fact Greece is currently setting up an NHS and increasing spending on health). If the UK were to spend the same proportion of GDP on the NHS as Italy or even West Germany, it would greatly increase its ability to meet demand. The extra money should be spent directly on the NHS, because it is a much more efficient service than private schemes, due to lower administrative costs (less than 6 per cent of NHS spending compared to 22 per cent for the US total). If this happened, the UK would have both an efficient and a cost-effective health service (since it is funded through direct taxation) and one much better able to meet the health care needs of the nation.

Hector MacKenzie,
Olen House, High Street,
Banstead, Surrey.

Traffic planning in London
From Mr D. Scott Hellewell.
Sir, Kevin Brown's article on London traffic (December 19) was most timely. Britain is unique among countries in the developed world in not having an overall traffic authority for its capital city. Indeed, many countries in the developing world have such authorities for their major cities. In London, the former Greater London Council did offer this potential. In the provinces, metropolitan county councils together with the passenger transport executives (PTEs) in their old format had this role. All this, of course, has been changed by the Local Government Act of 1985, abolishing the GLC and the metropolitan counties, and the 1985 Transport Act breaking up

the PTEs and changing their role. Traffic problems in London are enormously complex, as they are in all major cities. These problems will not go away, indeed they are likely to increase. The only way that these problems can be solved is by assessing the needs of the market and resolving the inevitable conflicts. This kind of "planning" which is inimical to this Government. This is largely because of a misunderstanding, deliberate or otherwise, on the Government's part that planning is done by people living in ivory towers remote from the needs of the people. Before any solutions can be proposed it is essential that the needs of the market are assessed. Planning is the method of achieving market-based solutions to resolve problems. The market for movement in any city is highly complex, interactive and ever-changing. Only by taking an overall view can solutions be found.

In conclusion I must point out that, in spite of the demise of the GLC, London Regional Transport has a major role in connection with public transport and, as your article indicates, there is liaison between London Underground and British Rail. However, the Government proposes to deregulate buses in London in the near future, and therefore the remaining semblance of a London traffic authority. Such an authority, charged with the responsibility of taking an overall view of the market and delegating the implementation of solutions to the public transport operators or highway authorities as appropriate, offers an effective solution to London's movement problems.
D Scott Hellewell,
8 Edleisham Grove, Sandal,
Wakefield, W. Yorks.

SPAIN

The Financial Times proposes to publish this survey on

MONDAY 18TH JANUARY 1988

For further information please contact:
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Ponzano 72-2C
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Spain
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A CLEARER PICTURE OF THE **BBC**

Why the post mortem on the crash should continue

From Dr J.A. Horvat.
Sir, There have appeared in the columns of the FT a number of closely reasoned articles by your contributors and commentators on the immediate and underlying causes of the recent global stock market collapse. Interesting though such post-mortems are, I am somewhat surprised that they have so far not addressed themselves to the question of how, if at all, the crash could have been avoided. If that question seems of interest to more than one reader, may I be allowed, as a man expert, to indicate roughly the areas on which I would expect your economists to focus their attention? Given that the central banks of the seven countries, had to support the US dollar from April 1987 - private institutional support was no longer forthcoming from Japan and Germany - and that they spent about \$800bn doing, given also with hindsight, that the US political establish-

ment was not prepared, before an election of a new President, seriously to tackle the budget deficit, and impose new direct and indirect taxes; could the major industrial countries, acting in accord, have prevented the crash by continuing to support the US dollar for, say, another 14 months, until a new President could have been expected to do something radical about the deficit and taxes? What would have been the cost to Japan, Germany and the UK? Their US dollar reserves of might have gone up by some \$200bn, on which, arguably, they would not have received adequate interest. They would also have run the risk of winding up big losses once the US dollar was allowed to come down under a new President.

Then there is the question of the money supply and of potential inflationary pressure. Is it not true that the fear of excess money in banks finding its way into very large consumption increases was found to be exag-

gerated? And that - at least in the UK - surplus bank liquidity went into driving the equity market up, and boosted property values in the south of England?

In other words, if there had been sufficient wisdom and accord on the part of the Japanese and the Europeans, the crash could have been avoided? Or would it have meant only a postponement, with even more dire consequences to the world, inasmuch as the world indices would have stood - by the end of 1988 - much higher than in October 1987?

Conversely, could one argue that the accord to support the US dollar, made in February 1987, was a mistake, and that there would not have been a crash in April, but only a mild correction of the world indices? J.A. Horvat,
East House,
Wandlebury Ring,
Gog Magog Hills,
Cambridge.

UK COMPANY NEWS

Maxwell wins approval to buy from Pergamon

BY CLAY HARRIS

MR ROBERT MAXWELL, despite a reputation as an iconoclast, has a keen eye for the neglected tradition of revival.

Scheduling a shareholders' meeting of Maxwell Communications Corporation, the printing and publishing group, for New Year's Eve was a large step in this direction.

Mr Maxwell, however, never a man for half measures, barred the press from the meeting.

By the time he faced the press, Mr Maxwell was a man vindicated. MCC's agreement to buy three electronic and book publishing companies from its majority shareholder, the Maxwell family-controlled Pergamon Group, for up to \$100m, had been approved unanimously on a show of hands.

In the five-minute meeting, no shareholder had asked a question, much less questioned the wisdom of the deal, Mr Maxwell said.

Although a poll had not been called, he revealed that 1,577 shareholders speaking for 43m shares had followed proxies in support of the deal while 85 shareholders representing 2,037,752 shares had submitted proxies against.

The total number of proxies submitted represented only 7.4 per cent of MCC shares and 15.4 per cent of the independent minority of shareholders eligible to vote.

dent accounting report on the three Pergamon subsidiaries' because, Mr Genius, the Pergamon accountants are the same as the Maxwell Communications accountants, and they go by the name of Coopers & Lybrand, he thundered.

Mr Maxwell said a small US acquisition was imminent in the field of intellectual property rights, an area he sees as ripe for world-wide packaging and exploitation in the coming decade.

He also said MCC would be gaining a Paris stock market listing, as well as that previously announced for Frankfurt, in the next few weeks.

Waverley sticks by Gulliver buy-in

By Clay Harris

Waverley Cameron, the Scottish stationery group, has repeated its support for the buy-in by Mr James Gulliver despite an increased stake by a shareholder believed to oppose the deal.

Mr Gulliver, who is to step down in September as chairman of Argyle Group, owner of the Freesto and Safeway supermarket chains, controls Sanda Investments, a company which would hold 64 per cent of Waverley Cameron after a proposed share issue.

Flavell Communications, which has signalled its opposition to the plan, has lifted its holding to 20.4 per cent, closer to the level at which it could be assured of blocking the plan.

TSG reaches accord with Banner

BY DAVID WALLER

Banner Industries, US supplier of aircraft parts and industrial products, has reached agreement on its future relationship with Transcontinental Services Group, investment company.

Both parties declared themselves satisfied with the arrangement, which follows negotiations begun in mid-December.

Charterhouse Bank, acting for Banner, said that it fulfilled the industrial company's ambition to make a major investment in Transcontinental.

nominee and another four original directors. The casting vote will be held by Lord Wimbourne, a newly-appointed director with no affiliation to either side.

Under the terms of the present agreement, Banner will only exercise its full voting rights or take its holding beyond 50 per cent if there is a bid from another party or if there are other special circumstances.

"We think it can be run better," said Mr Paul Baines of Charterhouse. "Banner doesn't need formal control to effect that."

"In normal circumstances, Banner would have been obliged to launch a full bid once it held 30 per cent. But Transcontinental's unusual status as a New York-based company incorporated in the Netherlands Antilles meant that its shareholders were not protected by the Takeover Code, despite its shares being listed only in London.

Transcontinental's shares closed unchanged on Thursday after Banner indicated that it fully supports the new policy.

Banner has indicated that it will be obliged to make a cash offer for the remainder.

In what is said to be an unrelated development, Transcontinental is to change the emphasis of its investment strategy. It wants to be able to allocate up to 30 per cent of its gross assets to taking strategic holdings in companies over which it has legal and managerial control.

"Such a change of policy was being contemplated by the board before Banner took its shareholding," said Transcontinental.

"Banner has indicated that it fully supports the new policy."

Marcol buys Helix Software for £0.55m

By Fiona Thompson

Marcol Group, London-based software house specialising in aerospace and avionics, has acquired the goodwill and certain assets of Helix Software Consultants, computer systems consultancy subsidiary of Helix Technology Group.

Consideration is \$552,141, comprising \$500,000 cash and the issue of 348,519 ordinary shares valued at 88p.

Half-time setback at Sterling Industries

Sterling Industries, light engineering, saw its attributable profit fall from £596,000 to £491,000 for the half year ended September 30 1987.

Turnover was reduced from \$4.27m to \$3.9m but the order intake was improving and the order book satisfactory.

Eglinton to buy 56% of US oil company

By Fiona Thompson

Eglinton Oil & Gas, Dublin-based exploration company, is to acquire 56 per cent of Albion International Resources, a Californian oil exploration company, for \$507,517 (\$274,000).

Albion is traded on Nasdaq, the US over-the-counter market.

Sales lift Sheafbank

REFLECTING the sale of two properties in Sheffield and Harrogate, Sheafbank Property Trust lifted its first half profit from £76,000 to £128,000.

Gross rental income for the six months, to September 30 1987, came to £389,000 (£310,000).

BICC A\$70m for offshoot

BY FIONA THOMPSON

BICC, the UK electric cables, construction and components group, has purchased the 40 per cent of Austral Standard Cables it does not already own.

Standard Telephones & Cables, itself a subsidiary of Alcatel, the French controlled international telecommunications concern, formed a year ago by the merger of the telecommunications activities of Compagnie Generale d'Electricite and ITT of the US.

1986 after tax profit of \$15.6m. Net assets being acquired are worth some \$18.5m.

British Aerospace forms dynamics division

BRITISH AEROSPACE has formed a dynamics division from the combined resources of the air weapons, army weapons, and the naval and electronic systems divisions.

Based at Stevenage, Mr B.J. Farne will be the managing director. Mr Bernard Roesser, currently managing director of the air weapons division, is appointed deputy managing director.

Mr Geoff Cowen has been appointed managing director of PHAIDON PRESS, a subsidiary of the Mustert group.

Kleinwort subsidiaries posts

The following have been made directors in the KLEINWORT BENSON GROUP: at Kleinwort Benson - Mr C.V. Anson (public relations), Mr B.M. Deas (Kleinwort Benson Development Capital), Mr B.P. Guerin (corporate finance), Mr E.W. Harvey (treasury), Mr J.E.P. Healey (UK equities), Mr D. Hines (Channel Islands), Mr R.C.H. Jones (Kleinwort Benson Securities Finance), Mr R.J.E.D. Palmer (international equities), Mr F.J. Remnant (corporate finance) and Mr J.S. Walker (North America department); at Kleinwort Greiverson Investment Management - Mr J.F. Dale (private clients), Mr B. Lezzadt (dealers), Mr A.E. Marlow (institutions - UK), Mr C.A.G. Perry (private clients), Mr C.E. Spencer (management), and Mr N.C. Wiggins (property manage-

ment); at Kleinwort Benson Securities - Mr E.E. Box (Kleinwort Benson International Operations), Mr E.D.N. Barley (securities management), Mr C.J. Langley (Tokyo office), Mr Chaney Lew (New York office), and Mr H. Saito (Tokyo office); at Kleinwort Greiverson Securities - Mr V.N.J. Dempsy (international dealers), Mr P.G. Barknett (information services), Mr K. Humphres (UK market makers), Mr D.P. Joyner (UK institutional clients), Mr A.G. Phillips (European stocks), Mr E.A. Scrimgeour (Kleinwort Benson Inc. branch), and Mr D.J. Summers (UK market makers); at Kleinwort Benson International (Bond Trading & Sales) - Mr P.C.J. Mussette (sales), Mr N.D. Shattellworth (trading), Mr A. Walkins (trading), and Mr W.P. Wright

shares can be issued dependent on profits. GENERAL ACCIDENT has increased its estate agency outlets to 444 with the acquisition of a further 23 offices. It has purchased Maureen Freeman with seven offices in South Glamorgan; Collins Son & Harvey (four in west Midlands); Hall Wateridge & Owen (10 in west Midlands); and Thomson's of Derby (two in south Derbyshire).

REGENCY FINANCIAL GROUP

has appointed Mr Anthony Till, as company secretary for the group and its subsidiary. He was company secretary of C.J.

Mr Martyn Bishop and Mr Nick Gibb have joined the partnership of BINDER HAMLYN, Mr Bishop in the audit services department, London, and Mr Gibb in Reading.

Mr R.W.D. Orders has been appointed a director of BARING BROTHERS & CO, and the following have become assistant directors: Mr R.N. Allington (engineering), Mr D.E. Fletcher (S.M. Francis), Mr C. Haddy, Mr G.A. Innes, Mr K. Lee, Mr A.A.J. Norris, Mr G.M. Norris, Mr R.E.L. Palamoutakis, Mr F.W. Saxton and Mr G.P. Wise. Mr J.M.S. Ekins, Mr M.D. Beeder, Mr R.K. Rice and Mr Y. Uda have been appointed directors of Baring Investment Management.

LEGAL & GENERAL has appointed Mr Tony Boraby as pensions sales manager (UK). He was regional pensions manager (metropolitan), and has been with the company for 18 years.

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FINANCIAL TIMES CONFERENCES

CIVIL AVIATION IN THE PACIFIC BASIN The Pacific Basin, civil aviation's fastest growing air transport arena, is the subject of the Financial Times conference to be held in Singapore on 25 and 26 January 1988.

THE FT CITY SEMINAR The Financial Times City Seminars have been very successful and 11, 12 & 15 February 1988 are the dates for the sixth briefing on the changing structure of the City of London.

CABLE TELEVISION AND SATELLITE BROADCASTING The Financial Times sixth conference on Cable Television and Satellite Broadcasting, to be held in London on 17 and 18 February, brings together speakers from the main Cable and Satellite Markets to review the state of the media at a critical juncture in their development.

All enquiries should be addressed to: The Financial Times Conference Organisation, 2nd Floor, 125 Fenchurch Street, London EC3A 3DF. Tel: 01-525 2223 (24-hour answering service). Telex: 27547 FT CONF G Fax: 01-525 2125

OIL TRADING

A Financial Times Survey Publication Date: February 3, 1988

The Financial Times plans to publish a survey on the international oil trading market on February 3. The survey is timed to coincide with NYMEX Week in New York and IP Week in London.

- I. Introduction. A review of oil prices and trading volumes over the past year. II. OPEC. III. Pricing. OPEC price; supply and demand; impact of the falling dollar. IV. The New York Mercantile Exchange. V. The International Petroleum Exchange. VI. Oil Products Markets. VII. The Brent Market. VIII. The Players in the Market.

For further details and advertising information, contact: Victoria Mitford The Financial Times 14 East 60th Street New York, New York 10022 Telephone: 212-752-4500 Telex: 238409FTOL

BERKSHIRE

The Financial Times Proposes to Publish this Survey on the above on TUESDAY 23RD FEBRUARY 1988

For a full editorial synopsis and details of available advertisement positions, please contact: BRETT TRAFFORD on 01-248-5116 or write to him at: Bracken House, 10 Cannon Street, London, EC4A 4BY. Telex: 8954871

ECONOMIC DIARY

TUESDAY: Central Statistical Office publishes third quarter figures for personal consumption expenditure and saving and industrial and commercial companies. December figures for UK official reserves from the Treasury Bank of England publishes December figures for capital issues and redemptions. WEDNESDAY: Department of Energy releases advance energy statistics for November. THURSDAY: Department of the Environment publishes November figures for housing starts and completions; provisional figures for 1986/87 state clearance. Department of Employment issues detailed analysis of employment, unemployment, earnings, prices, and other indicators.

LONDON RECENT ISSUES

Table with columns: Issue, Price, Change, etc. Includes entries for EQUITIES and FIXED-INTEREST STOCKS.

RIGHTS OFFERS

Table with columns: Issue, Price, Change, etc. Lists various rights offers.

MONTHLY AVERAGES OF STOCK INDICES

Table with columns: Index Name, Dec, Nov, Oct, Sep. Lists averages for various indices like Financial Times, Government Securities, etc.

Company Notices

OPPENHEIMER MANAGED ASSETS COMPANY SICAV Registered Office: LUXEMBOURG, 14 rue Aulagnier Commercial Register: LUXEMBOURG Section 9 no 26387 NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS The Annual General Meeting of Shareholders of OPPENHEIMER MANAGED ASSETS COMPANY SICAV will be held at the registered office at Luxembourg, 14 rue Aulagnier, on 15th January 1988 at 11.00 o'clock for the purpose of considering and voting upon the following resolutions:

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries World Indices showing regional and national market performance for Wednesday December 30 1987 and Tuesday December 29 1987. Includes columns for US Dollar Index, Pound Sterling Index, Local Currency Index, and Dollar Index.

Base values: Dec 31, 1986 = 100. Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987. Certain prices were available for the edition.

FT-Actuaries year-end changes

Further to the changes 48) and to delete McLeod Russell announced on December 17, the committee of the FT-Actuaries sub-section (group 91) from January share indices has decided to include Kennedy Smale in the Miscellaneous sub-section (group 91).

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system Thursday until 5 pm.

Table of trading volume in major stocks, listing various companies like ASDA-MFI, Allied-Lyons, Amstar, and others, with columns for volume and price.



The Sixth FT City Seminar

Plasterers Hall, City of London 11, 12 & 15 February, 1988. For information please return the advertisement, together with your business card, to: FINANCIAL TIMES CONFERENCES.

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Indices showing equity groups and sub-sections for Thursday December 31 1987. Includes columns for index number, day's change, and high/low values.

Table of Fixed Interest and Average Gross Redemption Yields, listing various bond indices and their yields.

Table of Equity Section or Group, listing various equity categories and their corresponding index values.

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Advertisement for Bulgarian Wine, featuring a portrait of a woman and the text 'Nazdrave' Says 'cheers' to the best of Bulgaria.

INTERNATIONAL COMPANIES & FINANCE

Credit Lyonnais buys Dutch unit from US bank

BY PAUL BETTIS IN PARIS

CREDIT LYONNAIS, the French state-owned clearing bank, has acquired Chase Manhattan's Dutch subsidiary, Nederlandse Credietbank (NCB), the sixth-largest bank in the Netherlands.

Elders takes 20% holding in Rada

BY DAI HAYWARD IN WELLINGTON

ELDEBS IXL, the Australian brewing group, has acquired 81m shares in Rada, the New Zealand investment company, from Goodman Fielder Wattle for only NZ\$1.

PWH faces bankruptcy as creditor deals fail

By Andrew Fisher in Frankfurt

PWH WESERHETTE (PWH), the ailing West German materials-handling equipment maker, is expected to declare bankruptcy after the failure of efforts to reach an agreement with creditors both in and out of the courts.

After it was unable to persuade its main creditors to wipe out half of its borrowings, Cologne-based PWH filed for protection at the courts at the end of November to try to reach a legal composition (Vergleich) settlement.

But the company cannot meet the minimum 35 per cent of claims necessary for composition proceedings to go ahead. PWH was cast adrift in October by the Otto Wolff engineering group, its parent, after revising its estimated losses for 1987 up to DM1.3bn (\$812m).

The company's debts total about DM500m. Hoesch, the West German steel group, had an option until December to acquire 50 per cent plus one share of PWH for a token DM1. Talks over the acquisition by Orenstein & Koppel, a Hoesch subsidiary, of parts of PWH are continuing.

Orenstein & Koppel, which makes construction equipment, has indicated it is prepared to pay about DM50m for the order book and certain activities of PWH - mainly a plant at Rohrbach in the state of Saar. It has offered to keep on 850 of PWH's 2,300 employees in West Germany.

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Staff at Deutsche Bank's head office face tough competition, Haig Simonian reports Mannheim traders throw down gauntlet

SAY THE word Mannheim too loudly in the third-floor trading room of Deutsche Bank's twin-towered headquarters in Frankfurt, and you are likely to be greeted with catcalls.

The third floor of tower A houses the bank's secondary market dealing in domestic and D-Mark Eurobonds, as well as equities. Across the way in tower B is the exchange department.

"Strength in diversity" might almost be Deutsche Bank's motto, given its well-known policy of decentralisation, but mentioning Mannheim touches some sensitive nerve-ends even among the bank's normally hard-boiled Frankfurt traders.

Deutsche Bank has 14 highly autonomous domestic regional headquarters, each of which is the specific responsibility of an individual managing board member.

Thus Mr Wilhelm Christians and Mr Alfred Herrhausen, its co-speakers (chief executives), in finance, are probably unaware of the city's history as a trading centre at the confluence of the Rhine and the Neckar rivers, with the second biggest international harbour in Germany.

In finance, the city's independent stock market finally shut down in 1935, but its commodities exchange survives, while Mannheim remains an important centre for trade-related insurance services.

However, it was not until the 1920s that its banks became active in international bonds. The Second World War brought that to an end, and the decision by both Dresdner Bank and Commerzbank to centralise trading in Frankfurt accelerated what seemed an inevitable decline.

Only Deutsche Bank maintained trading in Mannheim. According to Mr Reiter, the decision to decentralise trading, though going against the trend at most banks, has helped it to spread risks and letting individual centres develop their own niches.

Moreover, a devolved structure is particularly appreciated by regional customers in West Germany.

But Mr Reiter admits that different trading units within one bank can also cause confusion, especially among foreigners. Many have noticed, for example, that Deutsche Bank's Frankfurt and Mannheim screens often seem to differ and indeed compete with each other.

From abroad, notes Mr Reiter: Switzerland accounts for most orders from fund managers and from banks buying on behalf of customers, while London brings in the bulk of professional business.

Curiously, despite its size and turnover, Deutsche Bank Mannheim is known only to relatively few international bond dealers, who help make its DBMC page on Reuters one of the most popular in the system.

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Deusseldorf, Frankfurt and Mannheim - its three most important domestic securities trading operations - all offer a broad coverage of stock and bond markets. It is a question of three bases under one corporate roof, he says.

All three operations have their specialities, however. While Deusseldorf continues to be the main centre for equities, Frankfurt's strength lies in new issues.

Mannheim's pre-eminence is in the secondary bond markets, although it also has 10 equity dealers. However, some 90 per cent of profits have come from

dealing fast in size may have been bolstered by the fact that there are no separate sales staff in the trading room. Not dividing sales and trading - as is the case in most banks - stems from Mr Reiter's view that it is more efficient and quicker to combine both functions in one desk, especially in an operation which, though sizeable, is compact and highly collegial.

That atmosphere may have something to do with its back-ground of the staff and the fact that Mannheim traders are in a vacuum.

Apart from the smaller trading operation at the Bedische Kom-Trade has sometimes risen well above 10 per cent in the past two years, notes Mr Reiter.

How Mannheim has maintained its reputation over the years has as much to do with Mr Reiter and his staff as the bank's policy of decentralisation.

Size has also helped. Deutsche Bank Mannheim is probably the leading domestic market maker in West Germany, federal government paper, along with West-deutsche Landesbank in Deusseldorf and, to a lesser extent, Trinksau & Burkhardt.

More important, its screen prices are known to be firm, rather than just indicative, as at many banks. And the operation deals in substantial size - DM30m orders, although large, are not exceptional.

But word of mouth helps in the end. "We live from recommendations," says Mr Reiter, "and from a good screen." He also emphasises the importance of Mannheim's reputation for

trading at Morgan Guaranty in Frankfurt. Others have gone too. Mr Reiter is obviously sorry to have lost some of his best staff. But he is confident that there is plenty of talent in the pipeline. And he tries to see the brighter side of losses.

"Those who have left still do business with Mannheim," he says, thanks to "a traditional relationship. Moreover, they will always be welcome back."

And while he accepts that dealers can earn far more in Frankfurt, let alone London, "they don't know how long they'll stay," he says. "We've never let anyone go."

In fact, the biggest threat to Deutsche Bank Mannheim probably lies within the bank itself. For, in spite of its policy of decentralisation, there are those at head office who would like to focus trading more on Frankfurt.

Mr Barthold von Ribbentrop, who is in charge of the securities department at head office, is believed to hold that position particularly strongly.

It is probably a battle that has often been fought before. While Mannheim has managed to rebuff efforts to curtail its autonomy so far, that may be more difficult once Mr Reiter goes.

However, coming under the regional responsibility of Mr Ulrich Weiss, the director responsible for operations and data processing and a heavy-weight on Deutsche Bank's managing board, has undoubtedly helped it maintain its independence.

But even some managing board members who have no special affinity for Mannheim recognise its merit. According to Mr Rolf Breuer, a strong advocate of the staff for stock exchange reform and an eventual shift towards a computerised off-exchange market system, the Mannheim team has consistently shown its worth.

Rejecting regular calls from Frankfurt colleagues to come and trade on the Frankfurt Stock Exchange floor, "the Mannheimers know," says Mr Breuer, "while all Germany was wandering round stock exchange buildings, telling the latest joke or what the headline in the Bild Zeitung was, the Mannheimers were doing the business."

The office has suffered from defections, with some dealers opting for Frankfurt, where there has been a rise in well-paid jobs. Others have opted for the bright lights of London

ers, with the second biggest international harbour in Germany.

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Texaco to reveal restructure plans early this month

BY RODERICK ORAM IN NEW YORK

TEXACO, unveiling further details of how it will finance its \$3bn settlement with Pennzoil and pay off creditors, said it hopes to submit key elements of its restructuring plans to its board early this month.

In court documents filed on New Year's Eve, the group said it intends to use \$2.2bn of its \$4.3bn cash in hand and borrow an additional \$3.4bn to pay its trade and bank creditors in full

centered on its majority stake in its Canadian subsidiary or its Caltex joint venture with Chevron, the California-based oil major.

A total break up of Texaco is considered a possibility by some analysts.

The group is under a lot of pressure to forge a restructuring plan by Mr Carl Kahn, chairman of Trans World Airlines, who holds

12.3 per cent of its shares. Sharply critical of Texaco's management, he played a leading role in persuading Pennzoil and Texaco to settle out of court.

All that Texaco said about restructuring in its latest court filing was that it was "actively considering several restructuring proposals and other actions (some of which contemplate the sale of assets) which are designed to improve profitability

and enhance shareholders' value."

"The company needs approval of its plans, being drawn up with the help of Morgan Stanley, from a two-thirds majority of shareholders during a month-long ballot in March."

But if the plans are rejected, the bankruptcy court judge can overrule them and grant approval. Texaco hopes its plans will become effective in April.

Brokerage firm files for damages from Drexel

BY OUR FINANCIAL STAFF

A LOS ANGELES brokerage firm has filed a lawsuit charging Drexel Burnham Lambert and Mr Michael Milken, its chief junk bond trader, conspired to defraud it of commissions due on billions of dollars worth of securities transactions.

JWD Financial and Mr Maurice Weiss, its founder and principal, are seeking \$100m in compensation for damages and \$100m in punitive damages in a complaint filed on December 30 in Los Angeles Superior Court.

A Drexel spokesman said: "This file is a dispute with Mr Weiss goes back several years and has been thoroughly investigated by the firm. His position is groundless."

JWD claims the dispute originated in 1979, when Mr Milken approached Mr Weiss with a plan he said would substantially increase the volume of several trading accounts held by First Executive, a Los Angeles-based life insurance company.

The two oil companies reached a settlement shortly before Christmas over their tortuous two-year legal battle arising from Texaco's takeover of Getty Oil.

The relatively high level of borrowing was viewed on Wall Street as an interim measure while Texaco decided which assets to sell. Speculation has

centered on its majority stake in its Canadian subsidiary or its Caltex joint venture with Chevron, the California-based oil major.

A total break up of Texaco is considered a possibility by some analysts.

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But if the plans are rejected, the bankruptcy court judge can overrule them and grant approval. Texaco hopes its plans will become effective in April.

WORLD COMMODITIES PRICES

COCOA \$/tonne table with columns for Close, Previous, High/Low and rows for Mar, May, Jul, Sep, Nov, Dec.

COFFEE \$/tonne table with columns for Close, Previous, High/Low and rows for Jan, Mar, May, Jul, Sep, Nov, Dec.

SUGAR \$/tonne table with columns for Close, Previous, High/Low and rows for Mar, May, Jul, Sep, Nov, Dec.

SPOT MARKETS table with columns for Commodity, Price, Change and rows for Crude oil, Drib, Drib Blend, WTI, Oil products.

SPOT MARKETS table with columns for Commodity, Price, Change and rows for Premium Gasoline, Gas Oil, Heavy Fuel Oil, Naphtha, Petroleum Agt Estimates.

Other table with columns for Commodity, Price, Change and rows for Gold, Silver, Platinum, Palladium, Lead, Nickel, Tin, Zinc, Copper, Rubber, Cotton, Wool.

GRAINS \$/tonne table with columns for Commodity, Price, Change and rows for Wheat, Corn, Soybeans, Barley, Maize.

Wool table with columns for Commodity, Price, Change and rows for Merino, Crossbred, Non-merino.

LONDON METAL EXCHANGE table with columns for Commodity, Price, Change and rows for Aluminium, Cash, 3 months, 6 months, Copper, 3 months, Lead, 3 months, Nickel, 3 months, Zinc, 3 months.

LONDON METAL EXCHANGE table with columns for Commodity, Price, Change and rows for Silver, 3 months, Lead, 3 months, Nickel, 3 months, Zinc, 3 months.

POTATOES \$/tonne table with columns for Commodity, Price, Change and rows for White, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

SOYABEAN MEAL \$/tonne table with columns for Commodity, Price, Change and rows for Feb, Apr, Jun, Aug, Oct, Dec.

GRAIN FUTURES \$/tonne table with columns for Commodity, Price, Change and rows for Wheat, Corn, Soybeans, Barley, Maize.

Wool table with columns for Commodity, Price, Change and rows for Merino, Crossbred, Non-merino.

LONDON METAL EXCHANGE TRADED OPTIONS table with columns for Commodity, Price, Change and rows for Aluminium, Silver, Copper, Zinc.

LONDON BULLION MARKET table with columns for Commodity, Price, Change and rows for Gold, Silver, Platinum, Palladium.

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US MARKETS table with columns for Commodity, Price, Change and rows for Gold, Silver, Platinum, Palladium.

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US MARKETS table with columns for Commodity, Price, Change and rows for Gold, Silver, Platinum, Palladium.

COFFEE \$/37,500 lbs; cents/lb table with columns for Commodity, Price, Change and rows for Mar, May, Jul, Sep, Nov, Dec.

SUGAR WORLD \$/112,000 lbs; cents/lb table with columns for Commodity, Price, Change and rows for Mar, May, Jul, Sep, Nov, Dec.

PLATINUM \$/50 Troy oz; \$/Troy oz table with columns for Commodity, Price, Change and rows for Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

SILVER \$/500 Troy oz; cents/Troy oz table with columns for Commodity, Price, Change and rows for Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

COPPER \$/25,000 lbs; cents/lb table with columns for Commodity, Price, Change and rows for Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

CRUDE OIL \$/42,000 US gal; \$/Bbl table with columns for Commodity, Price, Change and rows for Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

HEATING OIL \$/42,000 US gal; cents/US gal table with columns for Commodity, Price, Change and rows for Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

SOYABEAN MEAL 100 lbs; \$/ton table with columns for Commodity, Price, Change and rows for Mar, May, Jul, Sep, Nov, Dec.

MAIZE 50 lb; cents/50 lb bushel table with columns for Commodity, Price, Change and rows for Mar, May, Jul, Sep, Nov, Dec.

WHEAT \$/60 lb; cents/60 lb bushel table with columns for Commodity, Price, Change and rows for Mar, May, Jul, Sep, Nov, Dec.

LIVE CATTLE \$/400 lbs; cents/lb table with columns for Commodity, Price, Change and rows for Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

LIVE HOGS \$/100 lbs; cents/lb table with columns for Commodity, Price, Change and rows for Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

POUR BELLIES \$/300 lbs; cents/lb table with columns for Commodity, Price, Change and rows for Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

SOYABEAN OIL \$/60,000 lbs; cents/lb table with columns for Commodity, Price, Change and rows for Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

FOOD INDUSTRY advertisement with text: The FT is proposing to publish this survey on Friday 22nd January 1988. For full details contact: MARK JONES on 01 248 8000 Ext 3365.

WORLD STOCK MARKETS

NEW YORK (Closing)

Table of stock prices for various companies in New York, including columns for company names, prices, and changes.

INDICES

Table of stock market indices for New York, Canada, and other regions, including Dow Jones and various regional indices.

WALL STREET

Prices end year with slight drop

LAST-MINUTE tax loss selling and worries about a lower dollar combined to drive stock market averages slightly lower in the final session of 1987. Utilities that are going ex-dividend next week dominated the active list. Low-priced issues were also heavily traded.

The final level of the Dow for 1987 was 200 points higher than its finish on October 19, when a drop of 508 points shocked investors.

At the closing bell, advances on the New York Stock Exchange slightly outnumbered declines, giving a mixed finish to the New Year's Eve session.

The dollar is the main consideration, said Mr Charles J. Jensen of MKI Securities, noting that the US currency had fallen to yet another record low during the session.

NYSE volume rose to 170.14m shares from 149m yesterday. Mr Jensen said there was a chance that stock prices would move up in the first few sessions of 1988 if the dollar stopped falling.

Market reports are for Thursday December 31.

HONG KONG

Share prices closed steady in dull, thin trading

The Hang Seng index rose 0.77 points to finish 1987 at 2,302.75 points and the Hong Kong index climbed 7.74 to 1,506.82. Turnover for the half-day session was HK\$505.94m against HK\$462.51m for the full day on Wednesday.

Investors were cautious as overseas markets remained weak and the US dollar continued to be depressed. But the local market is expected to consolidate around the 2,500 level in the near term.

Properties were in demand, with New World rising 15 cents to HK\$7.50 and Sun Hung Kai Properties five cents to HK\$8.65.

Hutchison and Jardine Matheson were steady at HK\$7.05 and HK\$10.30. IIC Bank was also unchanged at HK\$7.5.

A large block of 23.1m Raymond shares, equal to 29.6 per cent of the company's issued capital, was crossed at HK\$1.65 against the previous close of HK\$1.43.

French share prices continued to trade lower towards the close in thin end-of-year business, depressed by the weakness of the dollar and volume was largely made up of tax-related selling.

The 50-share index, which lost ground for most of the day, posted a late decline of 1.55 percentage points.

Share prices had a mixed close in quiet trading. Volume was thin, with many operators absent from the market or winding up business early.

The MIB share price index closed 0.2 per cent points down on the day at 677.

PARIS

Share prices had a mixed close in quiet trading

The MIB share price index closed 0.2 per cent points down on the day at 677.

MILAN

Share prices had a mixed close in quiet trading

The MIB share price index closed 0.2 per cent points down on the day at 677.

CANADA

Toronto stocks following a decline on Wall Street

Toronto stocks following a decline on Wall Street, posted a decline in mixed trading. Falling oil, mines and industrials offset an advance by gold issues.

The composite index dropped 3.1 to 3160.1 as advances outpaced declines by 432 to 276 on a volume of 25.3m shares.

A block of about 7.5m early warrants, traded earlier in the session, accounted for much of the volume.

Among base metal issues, Noranda fell 8 1/2 to C\$26. Alcan Aluminium dropped 8 1/2 to C\$34.

Falconbridge went down 8 1/2 to C\$24 and Cominco lost 8 1/2 to C\$18.

In energy issues, Imperial Oil Class A lost 8 1/2 to C\$55.

Gulf Canada Resources fell 8 1/2 to C\$16 and Shell Canada slipped C\$1 to C\$24.

Gold issues were buoyed up by strength in prices. International Corona rose 8 1/2 to C\$45.

Echo Bay climbed 8 1/2 to C\$24.

In forest products, B.C. Forest was unchanged at C\$10 1/2.

MacMillan Bloedel at C\$23 1/2, while Abitibi-Price rose 8 1/2 to C\$27.

ATLANTIC RICHFIELD

Share prices had a mixed close in quiet trading

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GERMANY (continued)

Table of stock prices for various companies in Germany.

NETHERLANDS (continued)

Table of stock prices for various companies in the Netherlands.

SWEDEN (continued)

Table of stock prices for various companies in Sweden.

FINLAND

Table of stock prices for various companies in Finland.

JAPAN

Table of stock prices for various companies in Japan.

AUSTRALIA (continued)

Table of stock prices for various companies in Australia.

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Wednesday December 30 1987

Table with 2 columns: Sector (e.g., Mining, Property, Chemicals) and Percentage Change (e.g., +30.58, -24.46).

RISES AND FALLS

Table with 2 columns: Index (e.g., British Funds, Financial and Prop.) and Values (e.g., 66, 19, 31).

BANK RETURN

Table with 3 columns: Category (LIABILITIES, ASSETS), Value (e.g., 14,560,000), and Change (e.g., +1,174,000).

BASE LENDING RATES

Table with 3 columns: Bank Name (e.g., ABN Bank, AIB Bank), Rate (%), and Contact Info.

FINANCIAL TIMES CONFERENCES

CIVIL AVIATION IN THE PACIFIC BASIN
The Pacific Basin, civil aviation's fastest growing air transport area, is the subject of the Financial Times conference to be held in Singapore on 25 and 26 January 1988.

THE FT CITY SEMINAR
The Financial Times City Seminars have been very successful and 11, 12 & 15 February 1988 are the dates for the sixth briefing on the changing structure of the City of London.

CABLE TELEVISION AND SATELLITE BROADCASTING
The Financial Times sixth conference on Cable Television and Satellite Broadcasting, to be held in London on 17 and 18 February, brings together speakers from the main European Markets to review the future of the new media at a critical turning point in their development.

All enquiries should be directed to: The Financial Times Conference Organisation, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts with columns for Name, Manager, Assets, and other details.

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, organized into columns for various fund categories such as 'Prudential Assurance Co Ltd', 'Royal Heritage Life Assurance Ltd', 'Sun Alliance Insurance Group', and 'Standard Life Assurance Co Ltd'. Each entry includes fund names, dates, and numerical values.

MANAGEMENT SERVICES

Table listing management services provided by various companies, including names like 'The Anglo-Scottish PLC' and 'The Anglo-Scottish Investment Fund'.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment opportunities, including fund names and associated details.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Manager, and other details.

Table of LONDON SHARE SERVICE, listing various share funds with columns for Name, Price, and other details.

Table of FOREIGN BONDS & RAILS, listing various international bonds and rail investments with columns for Name, Price, and other details.

LONDON SHARE SERVICE

Main table containing various stock market data including AMERICANS, CANADIANS, BUILDING, TIMBER, ROADS, DRAPERY AND STORES, ELECTRICALS, ENGINEERING, FOOD, GROCERIES, ETC, HOTELS AND CATERERS, INDUSTRIALS (Misc.), and INSURANCES. Each section lists company names, stock prices, and percentage changes.

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union Assurance, and others.

LEISURE

Table listing leisure companies such as British Airways, British Caledonian, and others, with their respective share prices.

MOTORS, AIRCRAFT TRADES

Table listing companies in the motor and aircraft trades, including Rover, Leyland, and others.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies like News International, Newsprint, and others.

PAPER, PRINTING, ADVERTISING

Table listing companies in the paper, printing, and advertising sectors, including Newsprint, Newsprint, and others.

PAPER, PRINTING, ADVERTISING - Contd

Continuation of the paper, printing, and advertising companies table.

PROPERTY

Table listing property-related companies and their share prices.

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Table listing property-related companies and their share prices.

Table listing property-related companies and their share prices.

TEXTILES - Contd

Continuation of the textiles companies table.

TOBACCOS

Table listing tobacco companies and their share prices.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies.

Table listing trusts, finance, and land companies.

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Table listing trusts, finance, and land companies.

TRUSTS, FINANCE, LAND - Contd

Continuation of the trusts, finance, and land companies table.

Table listing trusts, finance, and land companies.

Table listing trusts, finance, and land companies.

Table listing trusts, finance, and land companies.

Table listing trusts, finance, and land companies.

OIL AND GAS - Contd

Continuation of the oil and gas companies table.

OVERSEAS TRADERS

Table listing overseas trading companies.

PLANTATIONS

Table listing plantation companies.

MINES

Table listing mining companies.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies.

CONTROL

Table listing control companies.

EASTERN

Table listing eastern companies.

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Table listing diamond and platinum companies.

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EASTERN

Table listing eastern companies.

MINES - Contd

Continuation of the mines companies table.

Table listing mines companies.

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Seagram deal 'in breach of rules'

BY GEORGE GRAHAM IN PARIS

THE PARIS stock exchange has ruled that the private deal by Seagram, the large Canadian drinks company, to take control of Martell, the 272-year-old French brandy house, has breached its regulations...

Although Seagram said it was convinced that its position was juridically unassailable, the company is expected to try to negotiate an acceptable solution with market authorities and the finance ministry.

Lazard Freres, Seagram's financial advisers, maintained that the deal qualified as a conditional contract since it depended on the approval of the finance ministry, which must be obtained by any foreigner seeking to take control of a French company.

Because of its need to win this approval, however, Seagram would find open defiance of the stock exchange ruling embarrassing.

The French authorities' examination of Seagram's and Grand-Met's applications for permission to take control of Martell could take some time.

Nikki Tait in London writes: Grand Metropolitan said it was pleased with the decision of the French stockbrokers association, which showed "that our questioning of the validity of the Seagram deal was justified."

However, it emphasised that the deal had yet to be formally blocked by the French Treasury and that its own bid for Martell had still to be sanctioned by the French authorities before it could proceed.

Allies ask Moscow for better air links to Berlin

By Robert Mautner in London and Andrew Fisher in Frankfurt

THE THREE Western allies responsible for Berlin - the US, Britain and France - have made proposals to the Soviet Union for a major improvement in the air links between the divided city and other important European cities.

A note to this effect was handed over by the French ambassador in Moscow to a Soviet Deputy Foreign Minister on Tuesday.

The Western initiative calls for installation of a new north-south corridor, an increase in Berlin's international sports events, with an eye possibly to staging the Olympic Games in both parts of the city, and an expansion of profit exchanges.

The Bonn Group, which brings together representatives of the West German Foreign Ministry and the embassies of the US, France and the UK, has been working on these proposals since mid-December.

In West Germany, officials declined to comment on the contents of the memorandum, saying the Western allies had decided to keep the matter confidential among themselves.

Nevertheless, Mr Whitehead argues that "any shift to a compromise solution and away from the original specification would tend to favour the bid based on the Hughes radar. In addition, the West German air force is known to want the derivative of the APG-65 which it has already chosen for the update of its F-4 Phantom II.

Set against this, however, are wider political considerations, according to Mr Whitehead. The Ferranti-led offer is all-European and would not be subject to any US veto over the re-export of US technology.

Mr Blunden was brought back from semi-retirement in late 1985 to strengthen the Bank's supervisory efforts and his standing is high in Whitehall.

deputy Governor, still has three years of his term to run. He will be 65 on December 31.

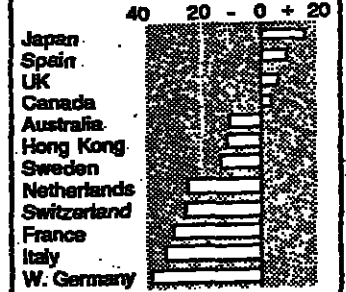
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THE LEX COLUMN

Crash, bounce and whimper

FT Index fell 34.7 to 1373.3

World Stock Markets 1987



It is fitting that a tumultuous year should have ended on such an insecure note. There was nothing festive about New Year's Eve on the foreign exchanges - increasingly despatched by the market, and with little support from central banks, the dollar suffered another alarming drop.

UK equities The dollar's sickness has undone most of the pre-Christmas rally in UK equities, leaving the stock market at the end of 1987 almost unchanged from the outset.

Currency factors If international investors learned nothing else from the upheavals of 1987, they will have been painfully reminded yet again that playing overseas stock markets remains a high risk venture.

Sentiment, which this year has proved even more capricious than usual, has moved from unbounded optimism to blackest pessimism to a mood of gentle hope, only to take a subtle turn for the worse as the year was all but done.

The new interest shown by US airlines in Berlin is believed to reflect more than a desire to take traffic from the airlines now serving the route.

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R.Y.A. Member... Yes/No Do you own a boat... Yes/No If Yes, what type (tick box) RYA Member... Yes/No Do you own a boat... Yes/No If Yes, what type (tick box)

Court bar on Observer over MI6 book

BY MICHAEL CASSELL, Political Correspondent

THE GOVERNMENT yesterday won a New Year's Day injunction against the Observer newspaper, preventing it from publishing extracts from the memoirs of Mr Anthony Cavendish, a former MI6 officer.

The interim injunction, granted at Winchester Crown Court, underlined the Government's continuing determination to prevent former members of the British security and intelligence services from disclosing details of their activities.

Mr Cavendish is thought to have been in possession of the book's manuscript during the summer, when it was first planned to serialise the Cavendish memoirs.

However, after his publisher, Cassell, abandoned the project, Mr Cavendish, who left the security service in 1983, published his memoirs privately just before Christmas.

It was this decision which prompted government law officers to seek an injunction, rather than any indication the Observer was minded to print them.

Mr Donald Treford, the newspaper's editor, last night described the injunction as "disgraceful" and accused the Government of "police state tactics."

He said the Treasury Solicitor's Department had asked him on Thursday for assurances about non-publication and added: "I always refuse to give prior undertakings to the Government about what I will or will not publish, I see it as an attempt to harass and restrict our freedom of speech. My failure to give an undertaking did not imply we intended to publish."

Mr Treford, who attended yesterday's court hearing, unsuccessfully asked the judge, Mr Justice Kennedy, to hold the hearing today to give the newspaper time to obtain legal advice and representation.

He said: "It was quite deliberately planned for today. It was unnecessary to rush it to court as we cannot publish anything before Sunday. These are real police state tactics and clearly come from Downing Street."

Mr Treford said the only evidence the Treasury Solicitor's Department gave was that they knew the newspaper had seen a copy of the Cavendish manuscript some months ago.

He wrote on Thursday refusing to give any undertaking he had told them the manuscript had been returned to the publisher.

Eurofighter requests revised radar bids

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

THE TWO leading UK airborne radar companies have been asked along with their European partners to resubmit rival bids to win the contract, worth about £1bn, to supply the radar for the Eurofighter aircraft.

Ferranti of the UK is leading a team of companies of AEG of West Germany, Fiat of Italy, and Insel of Spain against a rival consortium comprising the same West German, Italian and Spanish partners, but with Marconi Defence Systems of West Germany, Aeritalia of Italy and Casa of Spain to be the prime industrial contractor for the project.

The Munich-based Eurofighter organisation, which is made up of British Aerospace, Messerschmitt-Bölkow-Blomberg of West Germany, Aeritalia of Italy and Casa of Spain is to be the prime industrial contractor for the project and has asked the two radar consortia to submit new bids by February 8 in the light of more closely defined specifications.

Eurofighter has also asked the rival teams for any cheaper offers they care to make for a radar that is "essentially", but not exactly, compliant with requirements laid down by the air forces of the four countries.

The awarding of the radar contract is likely to produce "nationalisation by default" in the air radar industry of the UK, the one participating country in which there is effective national competition, according to a study just published by Robert Fleming.

On balance, Mr Whitehead concludes in his study that Ferranti is "better positioned" than Marconi. But "any delay and any

pressure on costs, and thus on technical considerations, must favour the consortium in which Marconi is involved."

This is because the proposal involving Marconi is based on an upgrading of the existing APC-35 radar made by Hughes of the US, whereas Ferranti is offering a new all-European system known as ECR-90.

Mr Phil Atterton, managing director of Ferranti Radar in Edinburgh, said he and Inisel will receive the same amount of work whichever way the radar contract award goes, as they are the sole industrial representatives of their countries.

Mr Piers Whitehead, the author of the Robert Fleming study, predicts the contract will prove a watershed for Ferranti and Marconi. Whichever UK company ends up on the winning side stands to become the dominant UK and possibly European supplier of airborne radar by the end of the century.

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Leigh-Pemberton Continued from Page 1

that there is no obvious short-term alternative. Mr Leigh-Pemberton's delegatory role of leadership is felt in Whitehall to bring the best out of his high-powered senior executives.

Critics will argue that re-appointment will also not disturb the Prime Minister's and Chancellor's dominance of economic and monetary policy, with the least role in the supervision of City institutions.

The original appointment of Mr Leigh-Pemberton was strongly criticised at Westminster, and the Labour Party has promised to replace him if it wins office. A second five-year term would take him beyond the tenure for the next general election.

No early decision is expected on the long-term leadership succession at the Bank of England, entering central London. Bank Computers wanting to reach the City or the West End would be able to use two large car parks proposed for the south bank of the Thames, at Vauxhall and Borough. These would be underground rail services.

The aim would be to reduce traffic congestion in the capital with exits from the motorway restricted to prevent traffic from entering central London.

Computers wanting to reach the City or the West End would be able to use two large car parks proposed for the south bank of the Thames, at Vauxhall and Borough. These would be underground rail services.

Costain estimates that developers might have to raise up to £2bn to pay for the project. The motorway alone might generate annual revenues of £265m, based on a toll of £5 per car for through traffic or £15 for cars wishing to use the motorway and one of the car parks.

The third scheme would involve a consortium buying the existing M25 and converting it by building a second road above the first. Tolls would be charged on both routes.

pages of our national consciousness". He disclosed that £1.7bn was set aside for foreign and domestic debt servicing in 1988.

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Thames road plan Continued from Page 1

the company says, is the simplicity of construction. An immersed tube tunnel would be sunk into a trench dug just below the surface of the river bed.

Placing a tunnel along the line of the Thames would be far easier than trying to cross the capital, with its large buildings and underground rail system, the company says. The new tunnel would not be deep enough to hit underground routes beneath the river.

The aim would be to reduce traffic congestion in the capital with exits from the motorway restricted to prevent traffic from entering central London.

Computers wanting to reach the City or the West End would be able to use two large car parks proposed for the south bank of the Thames, at Vauxhall and Borough. These would be underground rail services.

Costain estimates that developers might have to raise up to £2bn to pay for the project. The motorway alone might generate annual revenues of £265m, based on a toll of £5 per car for through traffic or £15 for cars wishing to use the motorway and one of the car parks.

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Nigerian budget Continued from Page 1

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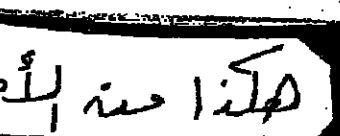
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MARKETS

Ecstasy and agony to reach a standstill

WAS IT all for nothing, many Wall Streeters wondered as they trudged home on Thursday from the last day of trading in 1987. Key indices told a clinical, cruel story of equities ending virtually where they had started but traders and investors had had to live through ecstasy and agony to achieve that modest result. Through the circular hour had brought them back to the beginning, the travellers had scaled peaks and valleys of Himalayan grandeur along the way.

Wall Street

Timer Digest, a Florida publication identified Mr Stan Weinstein of the Professional Tape Reader as the most successful of the 80 or so newsletter writers whose 1987 performance it tracked. Investors following every buy and sell signal he gave last year would have enjoyed a 78 per cent gain on portfolios mirroring the Standard & Poor's 500 index of blue chip stocks.

Uncertainties ahead

THE LONDON equity market enters 1988 in the frame of mind which many people adopt when making new year resolutions: a mixture of optimism and pessimism, with a question mark over the degree of risk.

London

Street and Tokyo plunging, London followed suit when the market re-opened, though with virtually no institutional activity between Christmas and the New Year, trading was very thin, which exaggerated the market's reaction. The FT-SE 100 fell 80.8 points on Tuesday and then oscillated up and down for the next two days of the short trading week, finally ending 1988 at 1727.

CHANGE ON THE YEAR

Table showing the change in the FT 30-share index and its constituents over the past year. Columns include Company Name, Price, Change on year, 1987 High, and 1987 Low.

Winners and losers

THIS TIME last year, the FT asked some of the analysts and fund managers who follow the junior markets to nominate the most exciting new issue of 1988 and the most promising stocks for 1987. How did those stocks perform?

Junior Markets

plunge after Black Monday in the general retreat from all things American. Over the year as a whole, its shares fell by 34 per cent. Sarah Mellor, then of Capel-Cure Myers, now of Wood Mackenzie, proved more successful. Her choice was Miller & Sarthou, the optician chain, which had a 78 per cent share price increase over the year.

on the year of barely 3 per cent. Timing is a tricky business though, and the worst performers in the Timer Digest stakes knocked some 35 per cent off an original 500 portfolio. Mr Robert James, the digest's editor, preferred not to name the guilty men until he had completed his year-end calculations. Mr James finds his top timers bearish about the markets' longer term prospects but optimistic about the chances of a short-term rally early this year.

That should be reflected in a healthy rise in corporate profits (brokers forecasts are pitched around 13 to 15 per cent, against 20 per cent in 1987) and dividends (forecast to rise by around 10 per cent against around 18 last year).

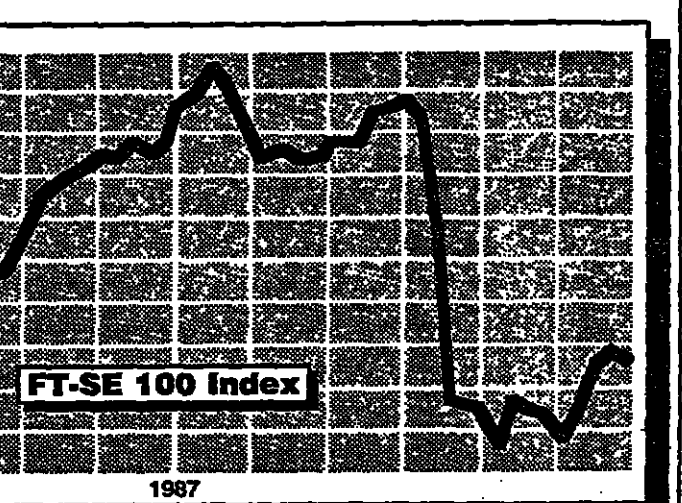
Demand is also likely to be given a substantial boost by the spring budget, given the Government's strong funding position and scope for major tax cuts. Many analysts believe base rates will remain at current levels until the budget but thereafter will be on a gently rising trend, as will inflation, which on some estimates could be approaching 5 per cent by the year end.

As dividend payments flow in, and this is one reason why markets have frequently surged forward at this time. At the same time, the dearth of rights issues and new issues since October has removed a major drain on investors' funds, and the next cash call from a privatisation stock will not hit the market until April.

Complicating the position even further is the extraordinarily large stake being built up in BP itself by the Kuwait Investment Office, the London investment arm of the Kuwait Ministry of Finance. It has done so largely by buying up the partly-paid shares issued in October's disastrously timed BP share sale.

August's peak to October's trough. All 11 previous peacetime declines of more than 30 per cent have led to at least a recession or a full-blown depression. Setting aside pessimistic timers and the poor leading economic indicator figures announced last Wednesday, the fears of a crash-induced depression have receded sharply. Many major brokerage houses have been making relatively optimistic near-term forecasts.

Roderick Oram



FT-SE 100 Index

that for Britoil, the UK's largest independent oil company - a struggle rich with irony and extremely delicate political implications. Shortly before Christmas, the Takeover Panel gave British Petroleum the green light to press ahead with a bid, even though the Government says it will use its "golden share" to block any bidder from gaining control.

BP, which already holds 29.9 per cent of Britoil, intends to press ahead, apparently believing that time is on its side and that political circumstances will ultimately allow it full financial control. However, it could still face a rival in the shape of Atlantic Richfield, the US oil company, which has now built up a rival stake in Britoil of more than 20 per cent.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Table listing company names, bid values, and other financial details under the heading 'TAKE-OVER BIDS AND MERGERS'.

*All cash offer. †Cash alternative. Partial bid. \$For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 31/12/87. ††At company's option. Shares and cash. ‡Relevant to NAV to be determined. †††Less stock. ††††Suspended.

PRELIMINARY RESULTS

Table showing preliminary results for various companies, including dates, profits, and dividends.

INTERIM STATEMENTS

Table showing interim statements for various companies, including dates, profits, and dividends.

(Figures in parentheses are for the corresponding period.) Dividends are shown net of tax per share, except where otherwise indicated. L = less; 2 = two years figures for 15 month period.

RIGHTS ISSUES

Manpower are to raise £260,000 via a one-for-ten rights issue at 28p. Sharp & Law are to raise £16m via a six-for-five rights issue.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Majestic Wine are to raise £3.3m via an issue of ordinary shares. Mowat Group are to join the USM via an introduction.

RESULTS DUE

Table listing companies with results due, including dates and share prices.

CAN'T MAKE HEAD OR TAIL OF THE MARKETS?

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER. The size, contents and publication dates of Financial Times Surveys are subject to change at the discretion of the Editor.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table showing interest rates for various financial products, including clearing banks, building societies, national savings, and money market accounts.

annum. Leases selects the stock because of the defensive nature of the business and the company's strong financial position. As his new issue pick, Roger Hardman selects Sock Shop International. The specialist retailer certainly came to the market in a blaze of publicity as perhaps bedfellow of the few USM offers-for-sale last year. After achieving a 62 times over-subscription and a 100 per cent plus first day premium, the shares have slipped back slightly but still stand two-thirds higher than the offer price.

MARKETS

Stephen Fidler reviews a traumatic year in the world's financial markets and takes a cautious look at 1988

A time for keeping your money under the mattress?

IT WAS a year in which \$1,500bn disappeared from the pockets of stock market investors worldwide in two weeks, which saw a day in which millions were being wiped off the value of shares on the New York Stock Exchange every second, and when for a time the industrialised world's financial system teetered on the brink of a total seizure.

1987 was also a year when in dollar terms average share prices worldwide jumped more than 15 per cent, and in which Tokyo became the world's largest market, overtaking New York, by posting a remarkable 44 per cent rally. If you had awoken this morning from a one-year sleep, you might be wondering what all the fuss was about.

Worst performers over the year were many of the markets in continental Europe, as the Financial Times-World Actuaries indices expressed in US dollars show. These indices, measuring internally tradeable issues in 23 main markets, show the West German market was down 24 per cent, Italy 25 per cent, France 15 per cent, and Switzerland 20 per cent. Those pacing the field, apart from Japan, were South Africa, up 33 per cent, Spain and the UK, both up nearly 30 per cent.

Not surprisingly, things changed dramatically after mid-October, and the market performance charts look like a sea of

minus signs. You could have avoided losing money as an investor in the share markets on October 19 and its aftermath, but only if you were prescient or lucky.

You could have come out ahead if entirely invested in Austrian capital goods shares, which utilities (up 5.1 per cent), or French property shares (up 3.0 per cent). Precious few other sectors in any of the main markets, even when measured in terms of the declining dollar, have bettered stuffing cash under the mattress.

Ironically, the market that fared best was the one outsiders considered the most overvalued: Tokyo. Tokyo's performance allowed it to surpass New York as the biggest exchange in the world in terms of capitalisation. It fell a mere 5 per cent, though the extent of the drop was, it is true, cushioned by the fall of the dollar.

A web of factors stand behind Tokyo's stability, high among them the prospects for renewed growth powered by domestic demand, allowing the economy to burst out of the straitjacket of deflation induced by the rising Yen.

The large cross-holdings of shares by Japanese companies have remained stable, individuals have plenty of cash, and so do the investment institutions, which are disinclined to sell anyway because of the huge taxable

capital gains they would realise on their long-standing equity holdings.

Two other factors supported Tokyo. The first was the low ownership of equities by the institutions, whose selling deepened the collapse in the US and UK for example, where institutional ownership of equities is much higher. The other was the relative unimportance in the Tokyo market of foreign shareholders.

Foreign shareholders now account for an estimated 3 per cent of the Japanese market, down about one-third from the levels of three years ago. In the week of Black Monday, the Japanese market was hit by a wall of foreign selling. Foreign investors offloaded \$7.5bn of shares into Tokyo, but Japanese individuals soaked up more than \$4.5bn of this, and there was little net selling by Japanese institutions.

The question of who owned the shares has a wider significance that Tokyo. Generally speaking, those markets with powerful institutional shareholders, significant foreign share ownership or both, have suffered worse in the crash.

There is no doubt that it was institutional selling in New York, linked or not to various programme or portfolio hedging strategies in futures markets, which overwhelmed the specialists on the floor of the New York Stock Exchange and led to that

market's precipitous decline on October 19 and on the morning of the following day.

Sales by institutions, which own more than 60 per cent of the UK market, was behind the steepness of the UK market decline. Both markets have clawed their way back from the lows, with the US market down 17 per cent since mid-October, and the UK off 19 per cent.

Repatriation of foreign shareholdings hammered, among others, the West German market and those in the Pacific Rim, including Australia (down 41 per cent), Hong Kong (down 45 per cent), New Zealand (down 41 per cent). Liquid markets such as that in West Germany, where settlement is also speedy, may have paid an extra price in the midst of the storm in being special targets of the panic selling.

Foreigners have retreated to their own markets around the world. For the US, this has less impact than on West Germany or Switzerland perhaps, even though foreigners did purchase \$35bn of US equities in the first half of 1987, Goldman Sachs remarked in a recent research document.

This rush of shareholders to sell their foreign shares in the panic has led to questioning about the future of the globalisation of the equity markets, which had become a catchword of the capital markets before the collapse.

Before the crash, trading in foreign shares had been growing dramatically. According to Salomon Brothers, sales and purchases of equities by foreigners grew to more than \$50bn in the first six months of the year, half as much again as in the same period in 1986.

Since the crash, market volume has gone sharply into reverse. Furthermore, many companies are now wondering why they went to the expense of offering shares internationally, only to find they came flooding back to the home market at the first sign of trouble.

Heavy foreign selling does not necessarily imply poor price performance. A huge 38 per cent of Glaxo's American Depository Receipts - foreign shares bundled for US investors - traded in the two weeks from Black Monday flooded back to the UK, yet the shares outperformed the UK market indices over this period.

Nevertheless, the apparent unreliability of foreign shareholders will undoubtedly, for the time being at least, slow the quest to offer new equity into

overseas markets.

That said, the imperative to invest overseas may still be strong for many investment institutions. If the varying performance of world stock markets since the crash taught them anything, it was probably the benefits of diversification.

The impact of currency shifts over the last year must have provided a salutary lesson too, particularly for the US institutions which have suffered the declining dollar. US pension funds, according to Salomon Brothers, are only 4 per cent invested in overseas equity, which leaves it seems substantial room for increase.

Nevertheless, not all the news from the investment institutions is good for the equities market. Many institutions, particularly in Europe, had raised their equity investments to historical highs before the crash. Since then they have been attempting to build up their cash and bond holdings, which in the case of the UK had declined to unprecedented levels.

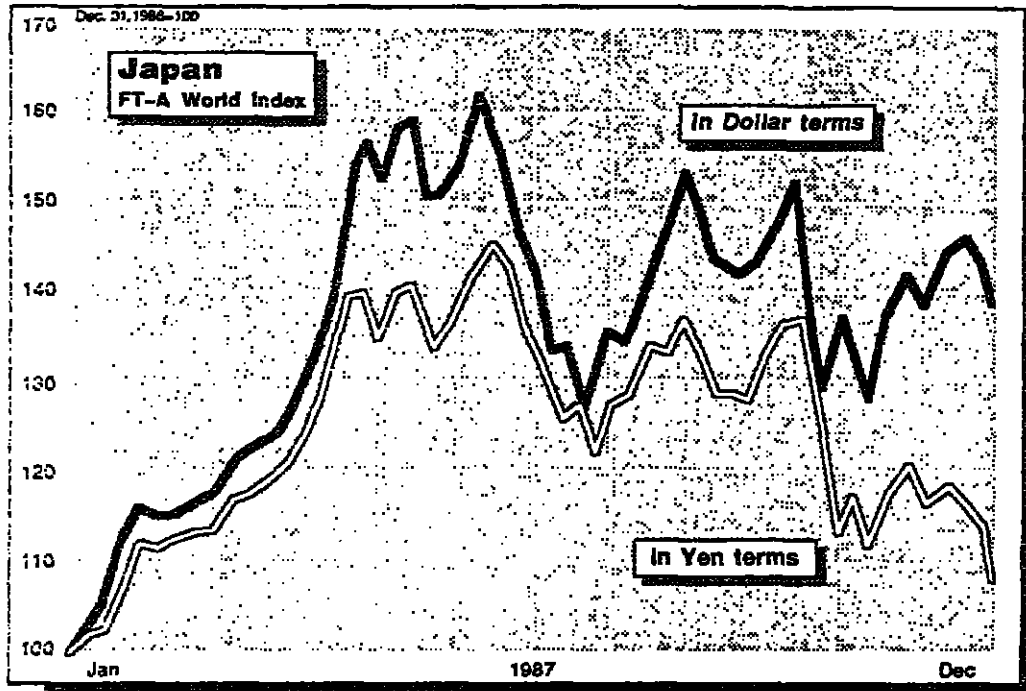
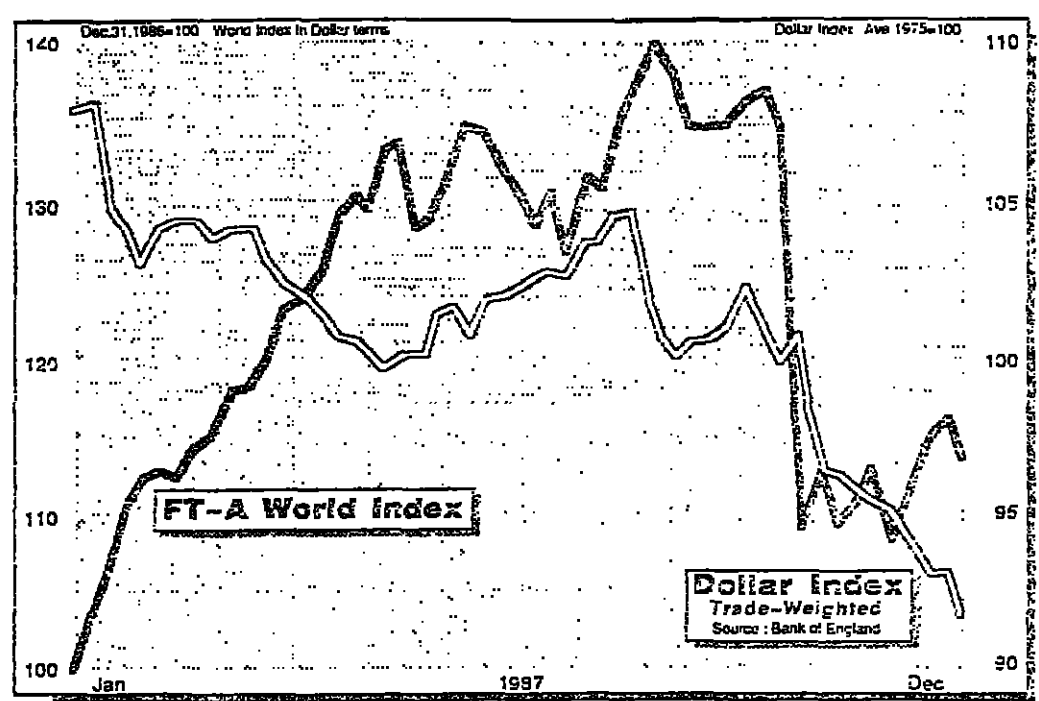
European equities appear to be undervalued relative to earnings prospects, but equities in general are overheld in European investment portfolios, said Mr Michael Howell, investment strategist at Salomon Brothers. In other words, European share price performance could continue to be constrained by the need of institutions to rebalance their portfolios.

Salomon also believes that new change in accounting rules in the United States will bias certain pension funds in future away from equities and towards fixed interest.

On both sides of the Atlantic, however, an interesting division of views has grown up between the investment institutions and the corporate sector. It was seen in the US almost immediately after the crash when Wall Street's prognostications of gloom contrasted strongly with the apparent view from industry.

Many companies in the US backed up their view with almost immediate declarations of their intention to buy back their own shares, which by implication they considered undervalued. While many such announcements were made in the interest of tranquillising shareholders, these buy-backs have continued to shrink the supply of equity, a trend in evidence for much of the current decade.

With such buy-backs more difficult in the UK - although several companies have announced



they will request shareholder permission to buy their own shares - the contrast of views has manifested itself in another way. Companies have transmitted the view that the market is now undervaluing assets by launching takeovers, financing them, since offers financed by shares are out of the question, by cash and bank finance.

The importance of owning businesses with cash flows rather than chunks of equity in other companies, was underlined dramatically during the crash, nowhere more so than in Australia, Australia and New Zealand markets have sunk 41 per cent since the crash, and the Antipodean global raiders suffered an extensive reassessment.

The markets handed an emphatic thumbs-down to those entrepreneurs such as Mr Robert Holmes a Court, whose companies made their money in effect out of trading in equity, but rated those, such as Mr Alan Bond, who owned businesses which generated profits, rather more highly.

If this was what happened, the debate continues about what was caused the crash. Blame - this may not be the right word since there is a strong argument which says that if the bull market had been allowed to go on much longer the consequences would have been even more catastrophic - for the proximate

cause of has been placed on the head of Mr James Baker, US Treasury Secretary.

His suggestion of a possible unravelling of the Louvre accord unless West Germany did more to expand its economy was widely thought to have been the trigger. Yet it is not clear why the devaluation of the dollar that this implied should have been bad for the stock market, given the relatively low importance of foreign investors in the US. It would have been more convincing as an explanation for a collapsing bond market.

It does seem though that yields on equities and bonds got crazily out of line. Yields on the benchmark long US government bond rose over 10.25 per cent, a more than 6 per cent premium over those on equities. Most analysts had thought that this would be corrected by a rally in the bond market, and in any case such discrepancies can continue for long periods without correction.

Earlier in 1987, what is now seen as froth built up in relaxed monetary conditions on a five-year bull market in which shares worldwide had risen by more than 250 per cent. When the central banks of the industrialised world started to tighten their grip, the liquidity which financed the last stages of the rally began to dry up and the props were knocked out from under the market.

It took the Federal Reserve's promise, amid banks' refusal to grant any more credit to hard pressed securities firms, to create money to alleviate the immediate threat of what the chairman of the New York Stock Exchange called financial meltdown. Other central banks were also forced to loosen the monetary noose.

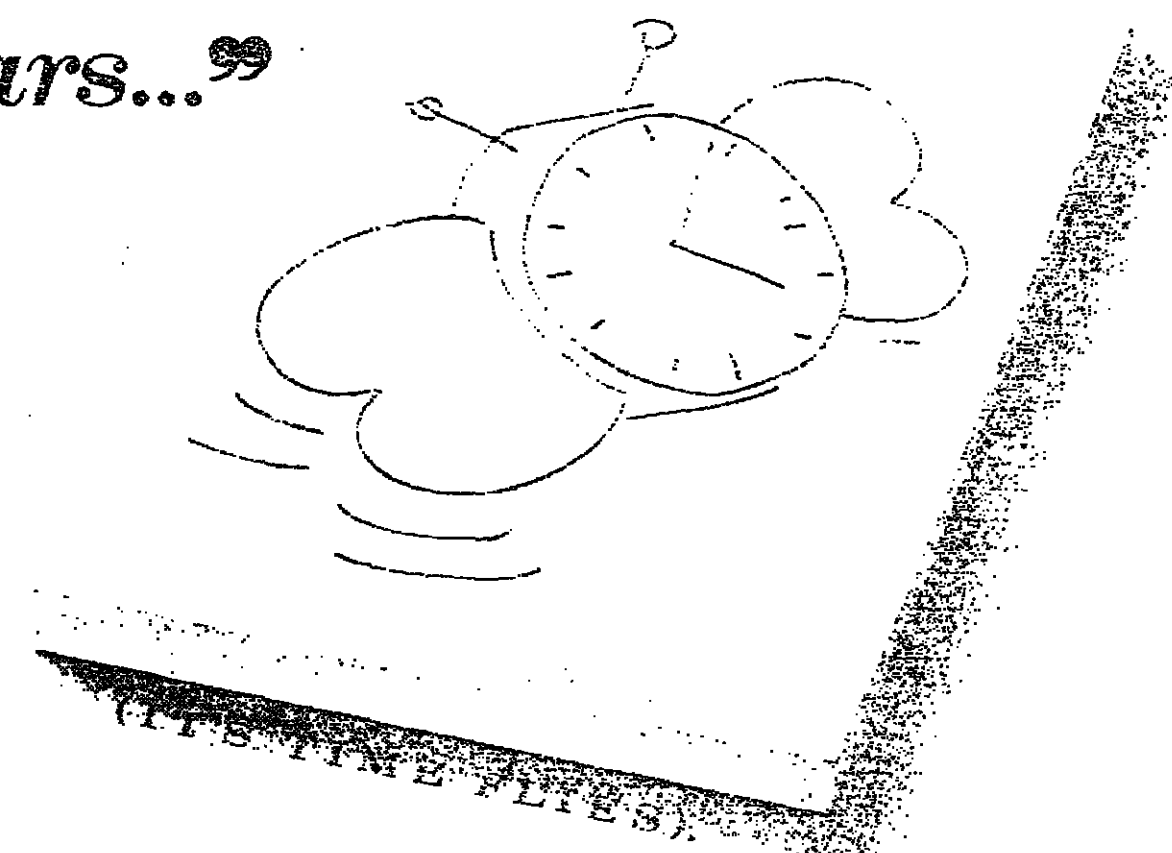
As stock exchanges around the world study the crash, at this stage it seems its major impact will be on the securities industry itself.

It is unclear whether it will be the trigger for the first phase of financial regulation, but it is apparent that in certain markets - particularly the US - the dealers, including the specialists on the NYSE, were inadequately capitalised to cope with the volume of selling. While this undoubtedly exaggerated the pace of the decline, it is not the whole story, since the Big Bang recapitalisation of the UK equities market did little to stem the London market's slide.

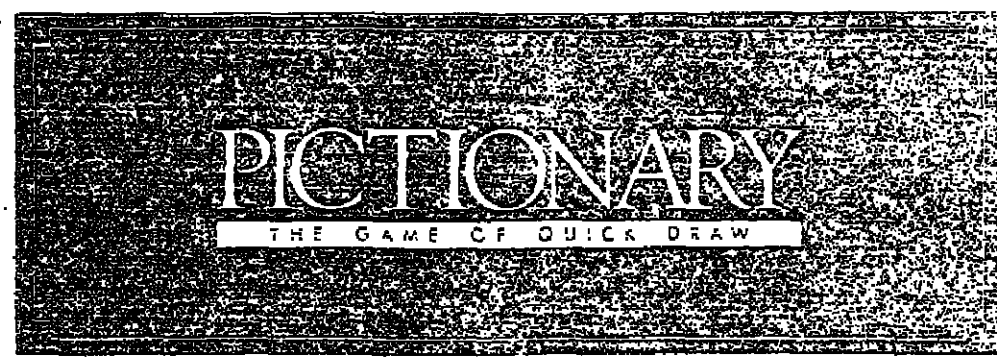
The consensus that had built up among forecasters has been shattered, there are as many forecasts as pundits. If uncertainty engenders stock market volatility then there is little prospect for an end of the big price swings which have scared investors in 1987. This implies a continued high risk premium for holding shares: nobody wants to get caught in a mug's rally.

"It's some sort of insect..."

"It's an alarm clock with ears..."



It's hardly surprising that Pictionary is America's number one selling game. Unlike many games that keep you on the verge of being entertained, Pictionary is more fun more of the time. It's undiluted entertainment. Pictionary is played in teams against the clock so everybody is involved. No two games are the same and it can be as silly or as sensible as you like! It's like charades but with drawing instead of acting. And that's where the fun really begins.



IT DRAWS EVERYONE IN.

John Edwards finds little cheer in market analyses for the coming year

Keep the pain-killers handy

WILL HISTORY repeat itself? The accompanying chart, drawn by Investment Research of Cambridge, shows an uncanny similarity between the behaviour of the US stock market over two separate 20-year periods - 1912/32 and 1970/90. To be a total mirror image, the Dow Jones index should have reached a peak of 3,800 instead of 2,700. But the time-scale of price movements is sufficiently accurate to send shivers down your spine if you are an investor on the stock markets. If the similar trend is maintained there will be a much worse collapse starting in the middle of 1988 and continuing for two years.

Stephen Bamford, investment manager of Aetna Life, who provided the graph, is not quite so gloomy. He believes that on this occasion instead of slamming on the brakes, as after the 1929 collapse, the authorities will avoid a steep rise by pressing the foot hard on the printing money accelerator. But this will only defer the pain for a few years by creating renewed inflation during the next industrial upswing at a rate which will be uncontrollable.

So far, according to Bamford, the Americans haven't really felt any pain from the result of their borrowing excessively to finance consumer spending. But they will eventually and it will be bad, although the pain may not be felt for several years yet.

In the meantime he expects the New York market to lose ground during the next 12 months, as the US moves into a relatively minor recession.

Bamford is more optimistic about the short-term outlook for the London market. He believes there will be a spring rally in anticipation of a strong favourable tax package in the coming Budget. On the assumption that Nigel Lawson is ending his tenure as Chancellor, he feels that Lawson will want to go out with a bang and in particular be known as the Chancellor who abolished Capital Gains Tax.

After the Budget, however, there is likely to be more nervous conditions with everyone becoming worried about the outlook for 1988.

Bamford is also keeping a weather eye on the gold market. If the price breaks through the \$600 an ounce bar-

rier again, it could be an interesting market from a technical standpoint with a six-year base having been completed.

"Sometimes charts tell you something you don't want to know," he added ominously.

Meanwhile the short-term outlook for 1988 generally seems to be: avoid the US and European markets for the time being, be wary of Japan; but expect another rally in London at least until the Budget in March.

One of the biggest investors on the London market, the Pru, believes that UK shares are attractive relative to equities elsewhere. Mick Newmarch, of Prudential Portfolio Managers, says that the UK economy is in fairly good shape and growth in 1988 should keep Britain near the top of the world growth league. The view of economic prospects is in fundamental terms favourable for UK assets. Gil yields have the potential to fall, but are likely to remain volatile. Equities have

the potential to do better, but much depends on how quickly confidence is rebuilt.

Looking at the other side of the Atlantic, he says the threat of a possible recession will overhang the US market for some time. This factor, he says, will mitigate any benefits from a weaker dollar driven profits boost for companies.

Newmarch considers that the slow growth in Continental Europe does not augur well for equities in general, although there are exceptions, such as Spain.

The Japanese market, he says, remains "an enigma."

On the longer term investment view, Newmarch suggests that equities are now more attractive than they were prior to the October crash simply because they are now priced to deliver a higher return. This increase in prospective returns is not insignificant and might amount to as much as an

additional 1.5 per cent, in real terms, per annum, he points out.

Kleinwort Benson Investment Management believes there is only a slight possibility of a worldwide recession. Peter Saunders says that the fall in markets has created good value in many shares.

He feels that the UK market is more attractive than many others bearing in mind the superior outlook for the British economy and the relatively low valuation placed on shares.

On prospects for other markets, Saunders says that although the Japanese good economic background should help Tokyo, the high rating of shares more than discounts the encouraging outlook.

In the US the problems of the budget and balance of payments deficit were likely to cause continuing uncertainty during 1988. However, the continuing fall in the value of the dollar has improved the prospects for domestic manufacturing industries and at current levels of the dollar a commitment to that sector seemed sensible.

Saunders expects the recent dull conditions in European stock markets to continue, with companies exporting from strong currency bases, such as Germany, Switzerland and Holland continuing to suffer pressure on their profit margins.

Peter Gortemur Fund Managers puts his advice for investors in 1988 succinctly: "Support the UK strongly and invest in the smaller Asian economies, but don't put much into the US and Europe."

He recommends that investors should go for a strong British overweighting in their portfolios with 40 to 50 per cent in UK equities.

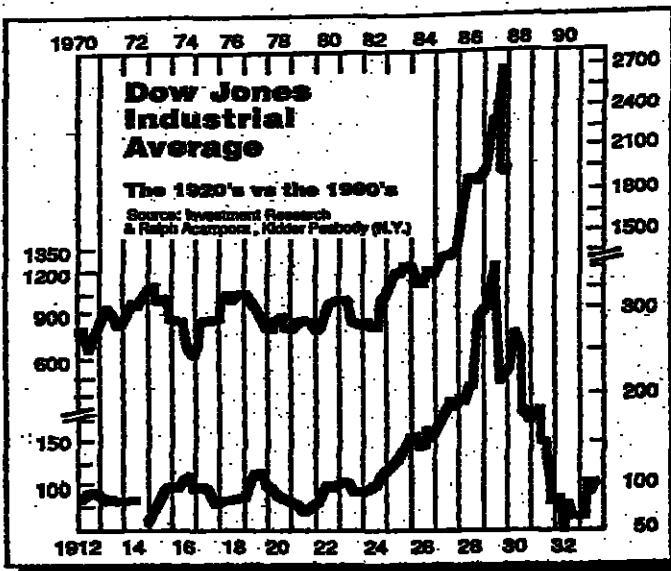
Most bullish of all on the UK market, however, are the investment trust fund managers. A consensus, gathered together by the Association of Investment Trust Companies forecasts that the London market could be between 15 to 25 per cent higher in 12 months time.



Mick Newmarch



Peter Saunders



Helpful hints for the timid

HAVING seen some highly pleasing 1987 gains wiped out almost overnight by the October crash, where should the shell-shocked smaller investor put his money in 1988?

We asked three unit trust industry gurus to give us their views on what a timid investor should do who comes into an unexpected \$10,000 over the Christmas break.

Bill Stutzford, of Framlington, who is also chairman of the Unit Trust Association, says that the December market rise "We could be seeing the January rally early, and there is a danger something will go wrong at the end of January/beginning of February. It's very unusual to find such a big drop reversing itself as quickly again."

As for timing, his maxim was "Half in now and half later." Even the timid investor should be aware of the opportunities offered by the sharp fall in prices.

"The art of success in investment is to be buying when everyone else is selling. The timid investor has to be persuaded to be bold."

Fidelity's international investment manager, Graham Nutter, says that our timid investor's notional \$10,000 should be invested substantially in equity trusts, with a proportion of gilts, dependent on how uncomfortable the investor is feeling about market prospects.

In general, the Fidelity strategy is to go for defensive stocks - those which have a historical record of maintaining growth in difficult conditions. Nutter favours large capitalisation companies as opposed to the smaller companies which made much of the running in 1987 but will undoubtedly find it hard to meet projections in a slower environment.

As mentioned earlier, convertible, which he likes because they stand at very little premium to the underlying equity, and because of their attractive level of yield.

Income trusts in general are likely to be a good choice for the defensive investor, including the international income trusts which have to date been disappointing in performance terms.

Third adviser was Bristol-based intermediary Peter Hargreaves, whose advice was somewhat different from that of the other two investment managers. For the timid investor with £10,000, his advice was twofold. First, keep some money out of equities - perhaps £2,000 to £3,000 in the form of gilts or government bonds. Second, invest the rest in a regular basis over the next year - a thousand

Time to decide on BP

Richard Tomkins on options for contrary investors

THE WORLD, it seems, is full of contrary investors. In spite of the certainty that the BP offer for sale in October would flop in the wake of the stock market crash, more than 270,000 private investors bought the partly-paid shares at 120p each. Many more jumped in when dealings began, picking up the stock at prices between 80p and 90p in the first few days of trading.

Now the partly-paid shares are hovering just above the 70p mark, and even at this level they are supported more by the Bank of England's presence as a willing buyer at 70p than by any realistic assessment of their fundamental value.

In just four days' time, however, at 3pm on Wednesday, the Bank of England's safety net will be taken away. In the meantime, the Bank is publishing full-page advertisements in the financial press inviting holders of the partly-paid shares to sell at 70p, and many of those contrary investors must be wondering whether the time has come to cut their losses.

The market is a finely balanced affair and depends on the state of the stock market on the day the offer closes.

Once the safety net has gone, the "real" price of the partly-paid stock will be determined largely by the price of the fully-paid shares. Since the partly-paid stock carries the obligation to pay two further instalments of 100p, its implied worth is the price of fully-paid shares less 2 x 100p.

To this figure, however, has to be added a premium of around 20p to reflect the value which institutional investors attach to the ability to defer payment of those second instalments. So if the fully-paid stock were to be trading at 260p when the offer closed, the partly-paid shares might yet hold their 70p level.

BP's fully-paid shares, however, have not seen 260p prices since the 1980 crash. For most of the last two months they have hovered around the 250p mark, a figure which implies a "real" price of 60p for the partly-paid shares. Investors now waiting for the Bank's offer to find the Bank's offer considerably more attractive than the market price unless there is an upturn in equities next week.

Further, even if London prices were to take off, it is important to note that the Bank's offer carries no dealing costs, whereas a sale through the market will cost at least 1.6p. An investor who buys 80 shares in the offer would therefore have to see a partly-paid price of nearly 90p, implying a fully-paid price of nearly 280p, before he could be better off selling in the market.

Investors who have bought the shares on a long-term view will probably see things differently. Theoretically, they might hope to sell their shares to the Bank for 70p and then buy them back cheaply when the safety net has gone, but the costs of buying in the marketplace will probably outweigh any gains unless prices fall sharply in the next few days.

Even then, they will have to consider two other factors. One is that those who subscribed for shares in October's public offering will lose their rights to the loyalty bonus of shares in three years' time by selling and then buying back in the after-market. Another is that since all willing sellers of the partly-paid shares at 70p or less will theoretically take advantage of the Bank of England's offer, and since the Bank itself has undertaken not to resell any stock until April 30 at the earliest, the shares may well be unavailable in any quantity at prices below 70p once the offer has closed.

This last factor explains the eagerness with which the Kuwait Investment Office has been buying the partly-paid stock in the run-up to the close of the Bank's offer. The Kuwaitis are well aware that the price may fall once the safety net has gone, but they are prepared to pay a premium to secure the stock in large quantities while it is still widely available.

Those wishing to take advantage of the Bank's buy-back offer should have little difficulty in doing so right up until the last minute. Application forms can be delivered by hand until 3pm on Wednesday at any branch of the National Westminster Bank in England and Wales, the Bank of Scotland in Scotland, and the Ulster Bank in Northern Ireland, as well as the head office and five branches of the Bank of England itself.

Goodbye to the pipedreamers

William Cochrane hears cautious notes of optimism

THESE ARE people who think that 1988 will sort out the wheat from the chaff in the investment advice business; that fundamental investment analysis will come back into fashion and that we are well rid of the pipedreams - like Satchi and Satchi making merger overtures to the Midland Bank - which punctuated the first nine months of 1987.

Top investment managers have both broader and narrower concerns than that. At the broad end, they invest worldwide, and not just in ordinary shares; closer to home, they have their own concerns in coping with their corporate growth and new rules governing investment for their clients.

Paddy Linaker of M & G, Britain's leading unit trust group, hopes that 1988 will be so traumatic. "But he is giving less weight than one might expect to the autumn stock market crash. He lists the City of London's problems in dealing with the volume of securities trading, and settlement of bargains before allowing that the market went too high before it collapsed.

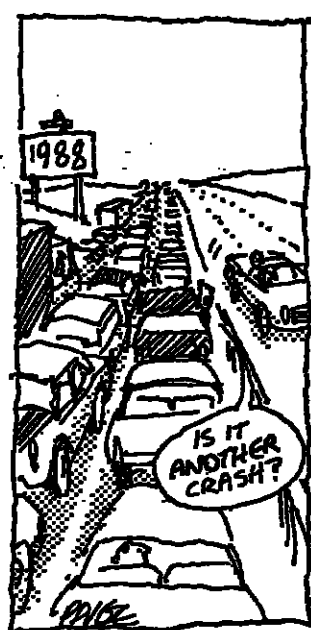
He classes himself as a cautious optimist. He estimates that the UK equity market, now at 5 or 10 per cent higher than it was a year ago and that the danger is that it will see too much of a run-up in the early months of 1988. He would like to see it 10 per cent higher at the end of 1988, trading at reasonable volume," he says.

M & G's forecasts shade the UK economic growth rate this year to three per cent, indicating a healthy rise in profits and dividends. Linaker notes that the latter were lagging behind earnings in 1987.

The economic question mark is the US, although at home neither the pound nor the consumer boom should be allowed too much freedom.

Will there be innovation at M & G itself? Linaker says that the company wants to get itself thoroughly organised to cope with the new rules and regulations which will apply to the unit trust business from April, with an eye to valuation systems, marketing and new pension products. "There is a lot to be done," he says, "just to carry on in the business we know best."

Michael Kennedy, a senior director of Edinburgh investment managers Martin Currie, says the October decline, "the before," was a financial bubble which burst. He thinks that the



dends could go up by 15 to 20 per cent this year.

But we are expecting further weakness when the Americans take further action," he says. "The US economy, which could take tax increases and spending cuts now, will be less resilient by that time."

Martin Currie, clearly, is waiting to see if the Americans will really bite the bullet. If not, they see the clear possibility of recession.

Meanwhile, they still believe that there is reasonable value in the UK market, and they are not selling. They are holding now in the US, having cut back their commitment; and are adding marginally to their Japanese holdings - "which, I believe, makes us pretty unusual," says Mr Kennedy.

In Europe their interest is "minimal"; at the moment they are not particularly cheerful about the prospects for Germany or France.

North of the border, self confidence and growth seem to be the order of the day. Only recently, Murray Johnstone, already Scotland's largest independent fund manager, announced major managerial appointments to cope with the continuing rapid growth in the group's activities.

After qualifying as an accountant at Feat Marwick McLintock, and a career with S G Warburg and N M Rothschild, Nicolas

McAndrew is joining Murray Johnstone on March 1 as managing director of the Edinburgh-based Johnstone, who will then become executive chairman, involving a strategic, rather than a day to day management role.

Only three to four per cent of Murray Johnstone's funds under management are in unit trusts; investment trusts account for 16 per cent, pension funds for just under half. Johnstone says that the group's investments in unlisted businesses are growing very fast: "We have a team of 25 managers dealing with companies which we have been refinancing," he says.

Still, a lot of the group's management fees, related to the level of stock markets worldwide, will fall by around a quarter. Johnstone says that the company will miss the unit trust business - "very, very profitable, despite its relatively small size."

He thinks that the US trade deficit will be self-righting but that the budget deficit poses major problems.

Without that, he thinks, the UK market might have risen by 25 to 30 per cent in 1988; as it is the Murray Johnstone prediction is a rise of 15 per cent; sterling to weaken slightly in due course; the yen to stay strong; and Japan to provide, once again, the strongest market of all in the coming year.

Recovery - and then the bloodbath

THIS TIME last year, with the FTSE 100 index at 1675, I predicted that 1987 would see the index well above 2,000 with the possibility of it reaching 2,500. I also concluded that the strong bull market and the positive economic outlook promised by the astrotrade coefficients would make it most likely that Margaret Thatcher would win an early election. Both came true in spite of the sharp fall in prices this week. I expect the London market to rally strongly during the spring months and end the year on a higher note. It could even be firm during the first few months of 1989 but after that there will be a bloodbath with the market collapsing even more dramatically than in October 1987.

The Astrotrade technique involves the analysis of the astrology of the Financial Times index since it was first produced in 1935, using computers to produce co-efficients. Like weather forecasting, the more factors used in the calculations, the greater the accuracy achieved.

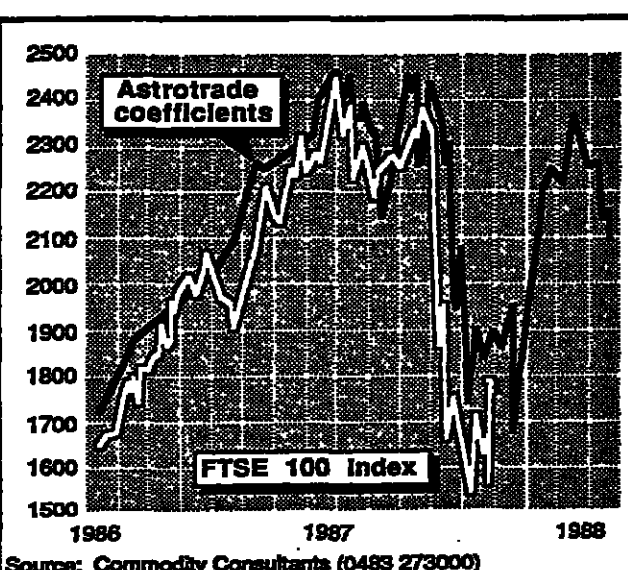
But more and better calculations need larger and faster machines, and my development work in 1987 was directed towards achieving both ends. The results have been encouraging, and the Astrotrade chart

shown is more accurate in detail than any previously published. The timings of the high reached in July and the secondary top in October are much more sharply defined, and the timing and depth of the crash more obvious. But the warning is in short-term detail only; the main medium-term trend indicator is changed only slightly.

The original chart showed a low point being reached in December 1987 followed by a major bull market during January, February and March 1988. The new chart has moved the low point to January 8, but the bull market prediction remains the same. It will reach a peak on March 16.

It appears that the strength of the market will surprise most analysts with its vigour, because the coefficients indicate that prices will rise close to the old levels of which have been seen there will be an important setback, with prices falling until the middle of April, but then the market rallies into May. After a period of mild bearishness until July, the bull trend takes over again, making the rest of the year more bullish than bearish, with November showing a new high.

Overall, 1988 will be a year of reconstruction after the crash. I



this conjunction is strongly represented in the horoscope as an ingress or an important lunar phenomenon the result is exaggeration of movement.

During 1988 we must expect to see this influence continue, creating wild price swings, but with a generally bullish direction. It is often said that London cannot be strong with Wall Street falling, so it follows that New York will attempt to follow the same medium-term pattern as London.

At the same time it is improbable that the gilts market will be weak, so that we can expect interest rates to ease. None of these views have any support at present from "fundamentals" but the same uncertainty existed this time last year.

Daniel Pallant

Seasonal fare abounds

ACT NOW or pay more later. That is the message for commuters facing the prospect of higher fares in 1988. The British Rail (BR) and London Transport (LRT) will increase fares on average by 6.5 and 9.6 per cent respectively.

But some of the pain can be temporarily alleviated at least by taking advantage of some of the many cut-price bargains available, before the new fares come into effect.

The best value are season tickets and discount passes, provided that you buy them before next Saturday night. For example, the Young Persons Railcard is to rise from £12 to £15 on Sunday week, when it will stop issuing Senior Citizens Railcards which cost £7. Both currently top one-third off the going rate for various types of ticket throughout the year.

Commuters, whose BR season-tickets or LRT travelcards are paid for, dated and collected, by January 9 will still be charged at the 1987 rates. This means that the holders of annual seasons bought before January 9 can travel for nearly the whole of 1988 at 1987 prices. This can mean quite a reasonable saving. For example, someone with a house in Colchester and an office in the City, Camden or Clapham will pay only £1,470 instead of £1,600.

Even after fares have gone up, a yearly season on either transport system works out almost one-quarter cheaper than the sum of 52 weekly tickets - such as £1,224 instead of £1,691 for the trek between Southend and Liverpool Street. A quarterly

ticket turns out to be one-tenth less than 13 weeklies, taking for example Clapham to Finsbury at £285 rather than £304.

Twelve monthly tickets would show about the same 11 per cent discount on 52 weeklies; East Croydon to London Bridge (as from January 10) adds up to £692 also compared to £778. On the other hand, many people get four or more weeks' holiday, so perhaps the true basis should be 48 seven-day tickets. Thus, the new rate between Reading and London (adding a weekly £3) would total £1,598 compared to £1,707 for eleven months or £1,582 for a yearly season.

Counting public holidays too, as little as 48 round trips may be made, so on some short sectors it may be worthwhile to queue for a cheap day return. This is particularly true in provincial conurbations like Manchester, where commuting tickets and fares are not the same as those in the south-east.

However, on London Transport the central zone (where most tickets will be unchanged at 50 pence each way) allows 204 return journeys to prove cheaper than a yearly travelcard - rising from £240 to £216. The same number of returns from, say, Haverov to Bank would cost £294 against £256 for a year's unlimited travel throughout all five zones of LRT.

Even then, the arithmetic is not so simple. The discount on buying season tickets should be offset by the interest that could be earned by putting the money spent in advance into a building society account or to reduce the cost of an overdraft.

Many companies these days give staff free (or cheap) loans to pay for season-tickets. But any such scheme will be subject to tax over £8,000 a year faces paying tax on the loan. There is a threshold of £200 interest and the liability is only on the difference between the concessionary rate and the Inland Revenue's own yardstick of 10.5 per cent.

Where a company pays for actual travel from home, the ticket itself is a taxable benefit in kind. A City director on £100,000, whose partner included a first-class yearly season from Haverov Heath would now be paying £1,041 to the taxman instead of £1,738 to the station.

There is one further bargain for commuters on British Rail. This is the Annual Season Ticket Holders Railcard (still at £5) offering one-half to one-third off other journeys year-long. A second adult also benefits while up to four children pay a flat £1. THERE ARE similar concessions from the separate Family Railcard at £15 which would let a two-adult family of four, for example, do a return journey to Newquay for a net £50 (using savers too) against £189 normally.

The special offers also include a Network Card and two kinds of Capitalcard, linking BR and LRT, as well as regional passes like the £42 for a week riding around Scotland. It pays to collect the many brochures, available on request, from travel agents or from Travelcentres, which give details of the most economic types of journey.

John Burke

Pension world set to change

Eric Short previews a year of change and reform.

1988 is Pensions Year - the year when the Government's brave new pensions world comes into being. The 1986 Social Security Act and the 1987 Finance Act (No 2) between them will introduce some wide-ranging radical reforms into the system of pensions provision in the UK. This year people will have to make decisions and follow them up if they are to ensure an adequate income and lifestyle in retirement.

A recent survey by Abbey Life showed that only a minority of people actually realise that changes are on the way and their implications. In coming months, the Weekend FT will discuss the changes taking place and set out the considerations and actions imposed on individuals and employers.

The Government's policy has several strands intertwined to a greater or lesser extent.

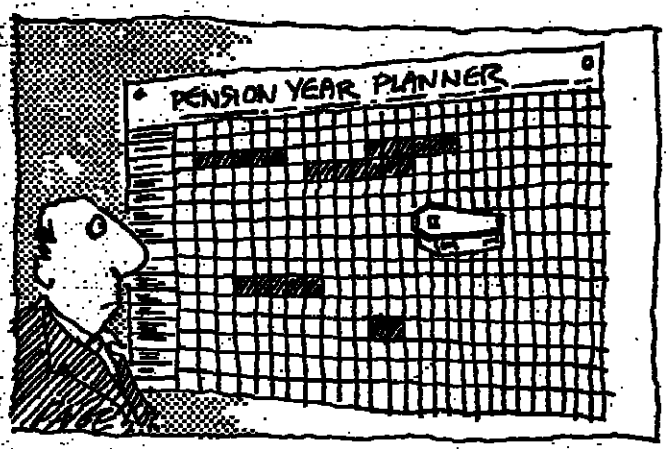
- It is reducing the role of the State in pension provision, by

cutting back on the benefits provided by the State Earnings-Related Pension Scheme (SERPS). This will virtually force most employees into private pension provision.

- The Government is introducing freedom of choice to individuals in their pension arrangements. In future, employers will not be able to impose on employees automatic membership of their company pension scheme as a condition of employment.

- The Government is introducing a new style personal pension which will enable employees to opt of SERPS and/or the company pension scheme and make their own pension provision.

- The Government is making it easier for employers to set up company pension schemes on a money purchase basis, thereby avoiding the onerous financial commitment implicit in a final salary scheme.



Contribution contract, which enables an employee to make his own arrangements to top up the benefits from a company pension scheme.

Life companies are already gearing up for the new pensions world. Already, they are producing their new range of products and training their salesforce or independent financial advisers to sell these products.

Company pension managers, backed by trade unions, are showing all signs of defending their schemes and endeavouring to persuade employees to join or remain in these schemes.

Employers intend to put considerable resources into convincing employees to the benefits of their company schemes.

Indeed, the danger is that employees will get thoroughly confused by hearing several different versions of the new situa-

tion - from employees, trade unions, life salesmen, the media and friends at the golf club.

Unfortunately doing nothing means you have taken a decision, often a poor decision.

Key dates on which action needs to be taken are:

April 6 - Main provisions come into force. Employees can opt out of the company scheme. Employers can set up their own company scheme under the new rules.

June 30 - Last date on which a retirement annuity may be started. After this date the personal pension scheme legislation will replace retirement annuities for the self-employed and those employees in a non-pensionable employment.

July 1 - New personal pensions become available.

Half-crown problem

In April 1967 I signed an agreement with the local council to rent a small plot of land at the bottom of my garden for the peppercorn rent of 2d 6d per annum, subject to the agreement being terminated by either party giving one month's notice.

Having paid the first year's rent, I have received no further rent demand or communication from the council. When does this agreement leave both sides legally? Do the council still have full rights over the land because of the signed agreement, or can I now claim it through neglect of the other party to assert their ownership and my continual use of it?

Your rent is not a peppercorn rent, but an actual money rent. However, you cannot claim to have acquired title to the land by non-payment of the rent because (a) the tenancy is not a tenancy at will - one month's notice has to be given to terminate it; and (b) the tenancy is not an oral tenancy (where landlord's title would be extinguished after 12 years' non-payment of rent). Accordingly, the only advantage which you will have obtained in law is the right not to be required to pay more than six years' arrears of rent. However, it seems likely that you will be left undisturbed by the landlord if you do nothing but continue to cultivate your garden.

Although you have separate estates, it might be advisable now you are married and considering the terms of your mutual wills, to transfer the securities into joint names and open joint bank accounts. By this means, if one of you dies, the other will have control of the accounts and securities would still be in the control of the other.

Tenant trouble

In 1974 I bought my present house, converting it into two self-contained maisonettes, living in the ground floor and letting the upstairs fully furnished. I consider myself a landlord giving the tenants unrestricted use of the garden, parking in the drive and other privileges not provided for in the tenancy agreement. I even when I had to go away for a week in April last year, I increased the rent by about 60 per cent. I did not apply the full increase to the tenants.

The tenants in turn have been excessively noisy, frequently in agreement with the rent, and more recently have taken in an Alsatian dog contrary to the tenancy agreement. Owing to an unfortunate experience with a previous tenant when I allowed her to keep a cat and ended up having to replace three carpets, a bed, etc., which had been fouled, I instructed them to remove the dog, asserting that I had specified in the tenancy agreement that they were not to keep a pet. They refused to get rid of the dog, so I gave them one calendar month's notice terminating the tenancy. They in turn have said that they are not vacating the flat and are sitting tenants. Advice I received in 1974 was that as a residential landlord of a furnished flat in a converted house (not a purpose-built flat) I could obtain vacant possession at any time.

I understand that at the end of the notice, I am not able to evict them without a court order, so I have consulted a solicitor to prepare the matter for court. He advises me that it would be difficult to evict them on the grounds of keeping a dog and possibly the nuisance of noise would be a better case. He also says it might take up to three

months to get to court. He added that there have been a lot of changes in the law since 1974 and seemed reluctant to take the matter up at all.

Am I right in my assumption that I can obtain vacant possession at any time without reason, and is there any way of speeding up the process in the courts? Finally, the tenancy agreement, although given to the tenants at the commencement of the tenancy, was never signed by them.

Your circumstances appear to fulfil the conditions prescribed by Section 13 of the Rent Act 1977. If so, you would be entitled to an order for possession of the flat if the tenancy was granted after 14 August 1974; and you need not assign any reason for wanting possession. As your solicitor seems to be unenthusiastic, instruct another, more robust, solicitor.



No legal responsibility can be accepted by the Financial Times for the accuracy of the answers by post as soon as possible.

Holiday domicile

Is it possible for a retired person who is not a UK citizen, not a UK resident and has domicile outside the UK to own a house/flat in the UK used for, say, three months a year for holiday purposes without incurring liability for UK income tax? My reading of IR20 suggests that this is not possible but if so it would appear to be at variance with practice elsewhere in the EEC. And would any liability so incurred refer to the whole of that person's income during the tax year or only that part accruing in the period of his stay in the UK?

The answer to your first question is, no, as you expect to remain resident in the UK tax liability would apply for the whole of each UK tax year - income and capital gains - but the assessments (on the remittance basis) might be partly based on the preceding year's income, and the effects of dual residence might be mitigated by a double taxation agreement with the taxpayer's home country, for example. Tax systems within the EC are still a long way from harmonisation, unfortunately.

Keeping to the letter

I know it is necessary to keep contract notes for income tax purposes, when purchasing or selling shares through a stockbroker, as proof of the price at which bargains were made. Is it also necessary, for the same reason, to keep indefinitely renounceable letters of acceptance and letters of allotment in the case of rights issues, as they are the only proof of the price paid for new shares?

It is not strictly necessary, but it would be wise to keep letters of allotment as so on for, say, six years. However it is possible to prove the terms of a rights issue after the event by reference to the company's records.

Sensible precautions

My wife and I are retired. We married late and have separate estates. Our combined incomes enable us to maintain a satisfactory way of life. On first decease, via legally drawn-up wills, the income will become payable to the surviving spouse.

In the event of one spouse becoming unable to control his/her affairs, we would like to know how could the other spouse have control of all income, without the setting up of mutual powers of attorney to guard against such an eventuality?

If one or other of you become incapable, the other would require to petition the court to be appointed as a Curator Bonis giving such evidence of the incapacity as the court would require. In the event of mutual powers of attorney being granted prior to the incapacity, the authority would be deemed lapsed on the incidence of incapacity.

Debtor's legacy

I was a director of a small limited company which was owed a considerable amount of money by a customer, another small company. The money had been owed for some time. Finally, my company requested solicitors to endeavour to recover the debt.

The solicitors raised a writ against the debtor. The debtor agreed to start paying off the debt in instalments but then went into liquidation, still owing most of the debt. At the liquidation of this company, none of their creditors, of which there were many, received any money. As a result of this company became insolvent and ceased trading.

I have now received a bill from the solicitors advising that, under the new Insolvency regulations, directors can be personally liable for the actions of the company and that they are holding me responsible for paying their bill.

We think that what your solicitors say is not correct in the circumstances which you have outlined. You should require them to specify the statutory provisions on which they rely and to supply you with a copy. If they cannot make good their assertion you might wish to consider raising the matter with the law society.

CHESS

IT IS well known that chess skill can be maintained to a ripe old age, but for durability and long life at the chessboard the palm must go to Edward Lasker, who died in New York in 1941 at 85. He was a distant relative and good friend of his namesake Emanuel Lasker, world champion 1894-1921, and at the New York 1924 tournament they featured in a joint production where Emanuel drew the endgame of king and knight against king, rook and pawn by imaginative defence. He also won the Alekhine, so it says much for Edward that he went so close to a famous win.

Edward Lasker was a noted cosmopolitan even for a period when chess masters often moved home and switched to national allegiance. At various times he was champion of Berlin, London, New York and Chicago. His first international was in 1913, while 63 years later he took part in the New York v. London transatlantic telegraph match which was sponsored by Lloyd's Bank as part of their decade-long support for chess. Other participants in the telegraph match included Joel Benjamin and Nigel Short, then prodigies and now national

champions of the US and Britain. Edward Lasker thus personally links the best player of 1900 with two of the likely leading grandmasters of 2000.

Lasker's first book on strategy was published in 1911 while he was still a college student. Some of his later instructional chess works became widely known, were translated into several languages, and became primers for generations of new players.

Lasker was no narrow chess professional, polyglot and successful in business, his creativity extended to the invention of a 'bottle game' for mother's milk. His best-known victory was played not in a tournament but as a casual encounter. On his first day in England in 1912, Lasker called at the City of London club and was introduced to GA (Lazer) Sir George) Thomas. Thomas was among the leading British players of his time, and also renowned at badminton where the world team Thomas Cup was named after him.

After mutual greetings they sat down to play using a now discarded time system where each side had to keep at most five minutes behind the opponent on the clock. The Englishman, taking his unknown rival lightly, chose the aggressive Dutch Defence which was not in Thomas's normal repertoire. He promptly fell into an opening

trap, and Lasker's brilliant finish made for a memorable anthology piece.

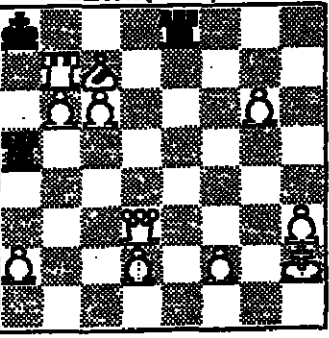
White: E.Lasker. Black: G.A.Thomas.
Opening: Dutch Defence (London 1912).
1 P-Q4, P-K3; 2 N-KB3, P-KB4; 3 N-B3, N-KP3.
Here P-Q4 is a better practical choice, avoiding White's following manoeuvre.
4 B-N5, B-K2; 5 B-XN, BXB; 6 P-K4, PXP?

This very natural move falls for a trap which even in the 1800s has a good chance of succeeding in club and lower grade tournament chess. Black should reply 6...O-O; 7 B-Q3, P-Q4 keeping the centre closed.
7 NXP, P-QN3; 8 B-Q3, B-N2; 9 N-K5, O-O?
The last chance is 9...KXN; 10 Q-R5 ch, P-N3; 11 QXB, O-O.
10 Q-R5, Q-K2; 11 QXP ch! KXQ; 12 NXB ch ch, K-R3; 13 N(G)-N4 ch, K-N4; 14 P-R4 ch, K-B5; 15 P-N3 ch, K-B6; 16 B-K2 ch, K-N7; 17 R-R2 ch, K-N8; 18 K-Q2 mate.

Lasker used to tell how, many years later, he approached a man reading a chess column in a British club and asked him for a game. The man wanted first to know Lasker's strength. The modest Edward simply answered 'I'm not a bad player whereupon the club member said he would rather continue reading

the chess column and the game that went with it. It was a case of being defeated by his own creation, for the game the man was studying with rapt interest was Lasker v.Thomas.

PROBLEM No. 704



WHITE (11 MEN)
White mates in three moves at latest, against any defence (by W.A. Shinkman). This century-old puzzle is among the classic chess problems, with an elegant surprise solution. If White can cut a black rook away from the back row or the left-hand file, there is mate by R-N8 or R-R7: but how can he force it?
Solution: Page XI

Leonard Barden

John Edwards explains how to join the FT Readers' Race

Test your market skills

1988 IS going to be an interesting year for investors in the stock exchange. Will the market recover some, or all, the disastrous losses suffered in October and November? Will the Budget restore boom conditions, with further measures to encourage wider share ownership?

You can test your skill at forecasting, have a chance to win £5,000 worth of Holborn unit trust; and contribute to charity all at the same time by entering the FT Readers' Race being run in conjunction with the Great Investment Race.

The nine teams of professional fund managers in the Great Investment Race, which started on December 10, are already battling it out to see who can earn most for charity by forecasting the annual return of a portfolio of five shares from the FT-SE 100 index using the same initial stake of £55,000 on paper. The winning entry - the reader with the highest value portfolio according to prices quoted in the FT on December 10, 1988 - will win £5,000 worth of unit trusts donated by Prudential/Holborn.

But the FT readers race gives private investors the chance to see how they can perform by assembling a mythical portfolio of five shares from the FT-SE 100 index using the same initial stake of £55,000 on paper. The winning entry - the reader with the highest value portfolio according to prices quoted in the FT on December 10, 1988 - will win £5,000 worth of unit trusts donated by Prudential/Holborn.

However, because many readers may well choose the same five shares in their winning portfolio, there is an extra test of skill. As a tie-breaker you have to guess what the FT-SE 100 index will be on December 9, 1988 and also - to qualify for quarterly prizes that will be donated by the FT in its centennial year - you have to guess as well what the FT-SE 100 index will be on March 31, June 30 and September 30. So you are not just taking a stab at what the index might be next December, but also trying to guess the ups and downs in the market throughout the coming year.

To enter the Readers' Race, select five shares from the list of FT-SE 100 index companies in the accompanying table and put them in the five top boxes on the entry form. It doesn't matter in what order. You are simply assembling a portfolio of five shares bought with units of £11,000 each. The main change from last year's Readers' Race is that you have to choose five shares. You are no longer allowed to plunk your whole stake in one single share.

After you have selected your shares portfolio, put your guesses for the FT-SE 100 index in the four separate boxes on the entry form below matched up to the

Portfolio of five shares chosen from FT-SE 100 under	Listed number of share from FT-SE as shown in accompanying table			
	March 31, 1988	June 30, 1988	Sept. 30, 1988	Dec. 9, 1988
Entry number (Do not use)				
Name	Address			



FT-SE 100 Companies with prices as quoted in the December 10, 1987 issue of The Financial Times

- | | |
|--------------------------------------|----------------------------------|
| 1. Amstrad Consumer Elec. (115) | 51 Imperial Chemical (£10 1/4) |
| 2. Allied-Lyons (323 1/2) | 52 Jaguar (275) |
| 3. Argyll Group (178 1/2) | 53 Ladbroke (314) |
| 4. Assoc. British Foods (300) | 54 Land Securities (440) |
| 5. ASDA-MFI (159) | 55 Legal & General (249) |
| 6. BAA (300 1/2) | 56 Lloyds Bank (235) |
| 7. BAT Inds. (411) | 57 MEPC (428 1/2) |
| 8. BET (221 1/2) | 58 Marks & Spencer (177) |
| 9. BOC (378) | 59 Maxwell Communications (206) |
| 10. BPF Inds. (237 1/2) | 60 Midland Bank (352) |
| 11. BTR (270) | 61 Nat. West Bank (533) |
| 12. Barclays Bank (445) | 62 Next (269) |
| 13. Bass (78 1/2) | 63 P & O (479) |
| 14. Becham (429) | 64 Pearson (835) |
| 15. Blue Arrow (88) | 65 Pilkington Bros. (197) |
| 16. Blue Circle Inds. (304) | 66 Plessey (137 1/2) |
| 17. Boots (223) | 67 Prudential Corp. (788) |
| 18. British & Commonwealth (282) | 68 Fiscal Easca (214 1/2) |
| 19. British Aerospace (519) | 69 Rank Organisation (511) |
| 20. British Airways (138) | 70 Rank Hovis (306) |
| 21. British Gas (127) | 71 Reckitt & Colman (748) |
| 22. British Petroleum (250) | 72 Redland (388 1/2) |
| 23. British Telecom (266) | 73 Reed (369) |
| 24. Britoil (277 1/2) | 74 Reuters (417) |
| 25. Bunzl (157) | 75 Rio Tinto Zinc (323) |
| 26. Burton (224) | 76 Rolfo Foyce (105) |
| 27. Cable & Wireless (315 1/2) | 77 Rothmans (373 1/2) |
| 28. Cadbury Schweppes (237) | 78 Rowntree (400) |
| 29. Coats Vyealla (248) | 79 Royal Bank Scotland (323) |
| 30. Commercial Union (325) | 80 Royal Insurance (373) |
| 31. Consolidated Gold Fields (883) | 81 Sainsbury (222 1/2) |
| 32. Cookson Group (461) | 82 Sears (148 1/2) |
| 33. Courtaulds (330 1/2) | 83 Sedgwick (189) |
| 34. Dee Corp (180) | 84 Shell Transport (965) |
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| 36. English China Clays (375) | 86 Standard Chartered Bank (483) |
| 37. Fisons (243) | 87 Standard Tel. & Cables (210) |
| 38. General Accident (788) | 88 Storehouse (240) |
| 39. GEC (155) | 89 Sun Alliance (770) |
| 40. Glaxo Holdings (£10 1/4) | 90 TSB (107) |
| 41. Globe Invest. Trust (125) | 91 Tarmac (208) |
| 42. Granada (282) | 92 Tesco (151) |
| 43. Grand Metropolitan (403) | 93 Thom EM (552) |
| 44. Great Universal Stores (£10 1/2) | 94 Trafalgar House (258 1/2) |
| 45. Guardian Royal Exchange (773) | 95 Trusthouse Forte (199) |
| 46. Guinness (274) | 96 Unilever (460) |
| 47. Hamneron properties (440) | 97 United Biscuits Hlids (255) |
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PROPERTY · GARDENING ·

John Brennan on the bright outlook for the housing market in 1988

Good times roll on

YOU COULD pour a mainframe computer-full of statistics onto the head of the average residential estate agent and, after a politely bemused silence, they would go on smiling, selling away as if the conversation had never strayed into rude neighborhoods populated with words like "economic downturn," "nervousness," and "over-borrowing."

the price ranges. But back out on the street, its business as usual. "We are," explains one Next-tailored provincial seller, "so busy that there's a fight to use the fax phone when it's free. People just crowd out the normal phones; it's impossible to get enough lines in."

It is a great time to buy, or to sell, or whatever else they want to hear. In that local paper the "property pages" play exactly the same upbeat tune. As those pages happen to consist of a single reprinted press release from one of the local agents' old regular pages of "homes for sale" this harmony is unremarkable.

As a direct result of this rhinoceros-skinned response to all external alarms, 1988 can hardly avoid being another year for the private housing market. On paper, there are the storm clouds over the US economy in an election ("protection") year for output and earnings in Britain. But out there in the agency offices there are legions of brittle-bright enthusiasts who just know that property goes up in value, that people trade up, not down; that their coming month's sales target is tough, but achievable, and that sales are the parents of commission cheques.

The younger agents ignore all talk of an economic downturn. A dozen housing chains in endlessly complicated calls to their opposite numbers in other agencies in the town.

Operating in striped-shirt country, GTI parking distance from the South Bank, his trade is "always quiet as this time of the year, they're all too out of it to do anything for weeks."

These are the tough, bright young things who have long since learnt to talk down snide dinner party cracks about their choice of career. They know that talk is cheap, and that it is the sales figures that count. These front-liners won't tolerate a downturn. No way.

There is nothing more to say. The locals hadn't taken their own readings of the economic outlook, perched their personal circumstances, consulted the past economic records to see if an equity market slide might be a barometer reading for their prospective earnings. No. Like some natural law, in this office it is taken for granted that access to property finance equals access to acquire property. Not an "if" or "but" in sight.

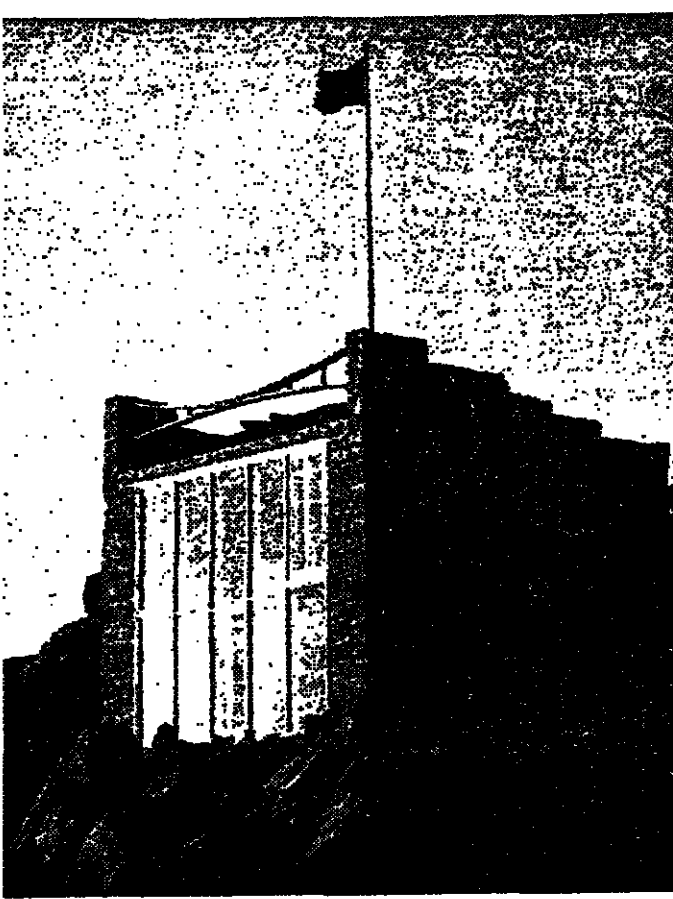
price being something to do with the comparative costs of accommodation merely show your age. He's clear that after the first timers, who will buy anything, anything at all, it is the search for the seemingly assured extra K that really makes this market tick.

The younger agents ignore all talk of an economic downturn

As for guidance on the local housing market, the agency's annual statements from agency chiefs. "Steady as she goes," pretty well summarises all the seniors' end of term reports on 1987, with a few "could do better" for sales volume right at the top of

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RUBBA NA CLOICHEE, a stone-built folly on the southern tip of Raasay, overlooks Caol Mor, the waters between this Hebridean island and the Isle of Skye. Built by the present owner, Tom Newton, in 1983, it is an open-plan eyrie for a buyer who really does want to get away from it all. At 4.3 metres by 5.3 metres with a glass wall view across these old Viking anchorages, Humberts (01-629-6700) is looking for

offers around £55,000 for the single bed home. Even seclusion binds to short-take-off-and-landing aircraft and, if you get the connections right, flights from London to Glasgow and from there to Broadford airport on the Isle of Skye can take under three hours. After that it is one of the five-times-a-day ferries to Raasay, or you could bid for the ex-military assault craft that is for sale along with the house.

Traditional remedies are out, says Arthur Hellyer
Clamp on pesticides

NEW GARDENERS appear to be almost totally unaware of the latest law controlling the use of pesticides, but I understand it is now illegal to spray plants with soft soap, washing soda, an infusion prepared with quassia chips or a great many other traditional remedies for various pests and diseases.

tificate of competence in the use of pesticides or to obtain such a certificate yourself. Testing is in the hands of the National Proficiency Tests Council, 10th Street, National Agricultural Centre, Stoneleigh, Kenilworth, Warwickshire, and is clearly not devised for amateur gardeners. However, I cannot see anything that debars them from trying to get a certificate if they are prepared to submit to the oral and practical tests and pay fees of around £25.50. It seems unlikely, though, that many will try, and this looks like opening up a field day for professional contractors.

anyone they employ who is required to use pesticides knows the regulations. And there is a general catch-all requirement that no one can use a pesticide during their business or employment unless they have had adequate instruction and are competent to do the job. It does not appear to be illegal to sell a pesticide to an unauthorised purchaser. The onus is on the buyer; yet he does not need to sign a poison register or give adequate reasons for requiring the substance. Nor, so far as I can tell, is it illegal for anyone to publish or broadcast information about any chemical with or without a warning about the legal limitations on its use, although I imagine most journalists and broadcasters will try to avoid such potentially dangerous matters.



Pesticides that have been approved are listed under both their chemical and brand names, which often may cover mixtures of several different chemicals. However, there are two classes of approved pesticides: one for professional use in agriculture, horticulture and forestry and the other for use by amateurs in their gardens. It is now illegal for an amateur gardener to use a professional product unless in possession of a certificate of competence.

It is quite clear, however, that nicotine, long a favourite insecticide with organic gardeners, is now out, even if it is prepared at home by boiling old cigarette ends. Perhaps this is just as well, for there always was some danger involved in using this wide-spectrum and reliable insecticide. We have moved a long way since my youth, when I had bottles of 97 per cent pure nicotine in my nursery garden without even knowing it was a deadly poison.

What does bother me is the situation regarding all the home-made concoctions that are now popular with organic gardeners. Much information is published about them, and some are available for sale. This must now be illegal unless the preparation has been given the necessary MAFF approval - but what about actual use of home-made products? Can I legally boil rhubarb leaves and spray the liquor of the plants to kill grasshoppers, or bury mothballs in the soil to deter moles? It would seem that, since these are not treatments approved officially for amateur gardeners, I am breaking the law if I use them, although it also seems highly improbable that any law officers will take active steps to prevent me doing so unless convinced that they are harmful.

This is probably the most difficult part of the new regulations to understand, since the same pesticide might be available in several different formulations, some of which are approved only for professional use, whereas others can be used by anyone. A familiar example is the very successful weedkiller glyphosate, which is marketed both as Roundup and Tumbleweed, the first for professional and the second for amateur use. The main difference between these two formulations is the concentration of the active chemical in them. Roundup is considerably stronger than Tumbleweed and has to be diluted much more before it is used. This presumably is why it is considered unsuitable for garden use, but it also is considerably cheaper to use and owners of large gardens may well find Tumbleweed uneconomic. The only way to get over this difficulty would seem to be either to employ a professional with a cer-

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Philip Milner-Barry writes on high-tech Oriental skiing. Nearer home, we look at slopes serious and spurious



Gardening

Beastly days to forget

PROSPECTS for 1988 are shaped by memories of 1987: most gardeners will be wishing they could forget the whole beastly year...

1987's winter also destroyed some of the best things in our loveliest gardens: Trecco on the Scilly Isles had been a safe haven for over half a century...

Having frozen, it then blew appallingly hard. The March snowfall has been overwhelmed by the October crash, but the last day of March was savage enough for those of us who were to be north of the storm-belt later in the year...

Biennials took an awful beating because they had been transplanted the previous autumn. We had had some difficulty in setting the wallflowers during the dry September of 1986...

Wallflowers never recover from a bad winter and I now intend to use them differently, not as plants for a special bed...

Nonetheless, there were compensations. This spring, I was pleased once again with an off-white variety of Flowering Currant...

During the summer, there was next to no sunshine, but some strong growth on shrubs and young trees and never a brown moment in the garden's setting...

Our best successes were groups of the glassy variegated Prunus 'Tendrils' and its white and pink flowers...

In October, I was planting Narcissus February Gold, the most reliable of all the fritillaries, and hoping for great things from an old and highly-praised chrysanthemum called Empress of China...

Robin Lane Fox

Piste-hopping with Japan's ski-bunnies

JAPANESE snow may or may not be different from the Occidental variety, but there is no doubt about Japanese skiing. For one thing, the Japanese way is to ski uphill...



Naturally the emphasis is on "kawaii" (cute) rather than "kawaii" (frightening). That is why, when you go skiing in Japan, you eschew the vertiginous chutes of Europe or America...

Still, skiing in Japan is accessible and affordable. There are scores of ski resorts within an hour or two by train from Tokyo, and there is nothing to stop you from heading for the slopes if you can get a day or two off from your next business trip...

If you have limited time and want the convenience of on-site ski-hire and English-speaking assistance, you will probably do better to stay at a purpose-built Western-style hotel. The largest chain, Prince Hotels, offers half-a-dozen choices within the Tokyo hinterlands...

to the Naeba Prince Hotel. Should you happen to arrive by night, the view is breathtaking. The entire mountainside is ablaze with arc-lights, tinting the clouds a lurid orange...

From the hotel a total of 11 different groups of lifts and a cable car lead you to the top of the mountain (1,789m). The longest run is 4kms but loses height more slowly than Japanese inter-est rates. The entire mountainside is wired for sound...

They should be used to it by now. Murison Small has been at it for years. He has offered holidays in Cor Anglais Les Deux Vallées (situated in the Val d'Oncian) in a chalet so compact that the company stationed its two slimmest chalet girls there...

A dream of a destination

THE little-known Austrian resort of Udders is not a place to visit early in the season because of its uncertain snow record. This is largely because it is comparatively low-lying, with skiing only from 1,650ft to 1,950ft.

Small World, which includes the resort for the first time in its new brochure, describes Udders as a "gentle, undulating playground, dotted with small farming communities which have only recently evolved into skiing centres...

This, it turns out, is a very naughty fib, for Udders only exists in the mind of Small. World's Colin Murison Small, who has a penchant for inventing holiday resorts.

In closer inspection, Udders - while it is sandwiched between the very real resorts of St Anton and Wengen in the Brochetz - has among its many "attractions" a rubies-free centre, rummy locals, a chair which whisks you 300ft upwards "in as many minutes" and Glycolerising, a local brew of mullied wine that has such a high anti-freeze content that "after one glass you will feel so braced against the cold that you will need no gloves for the rest of the day."

All good schoolboy fun, but what do the clients make of it? They should be used to it by now. Murison Small has been at it for years. He has offered holidays in Cor Anglais Les Deux Vallées (situated in the Val d'Oncian) in a chalet so compact that the company stationed its two slimmest chalet girls there...

My total annual mileage was a little lower than my usual 30,000-odd (48,200 kms), mainly because it was just not possible to have a long continental touring holiday and give one's only daughter a stylish wedding at the same time.

As a Man of Kent, I cannot ignore the scheduled opening of the Channel Tunnel five years from now although I shall believe it exists only when the first train goes through. But I do not intend to use it to go to France; sitting in a car in a box van for a 30-mile (48km) ride through a tunnel does not appeal.

I prefer the new 20,000-ton P&O mini-liners. They are quicker than the hovercraft (or than the tunnel will be) because

of admonishment: lift No 7 will be closed because of ice; please take care on the upper slopes where visibility is poor. The principal hazard is the crowds. Weekdays are all right but by about midday on Saturday it's pandemonium. Worst still, most of the customers are suffering from acute sleep deprivation, having risen at 4am to catch the early train from Tokyo, or endured the rigours of the red-eye bus. The office girls are near comatose, suffering from the combined effects of the previous night's drinking and the early start necessary to get their make-up on. Lane discipline collapses. Ski-school classes bravely try to hold their lines while youthful kamikazes hurtle by to left and right.

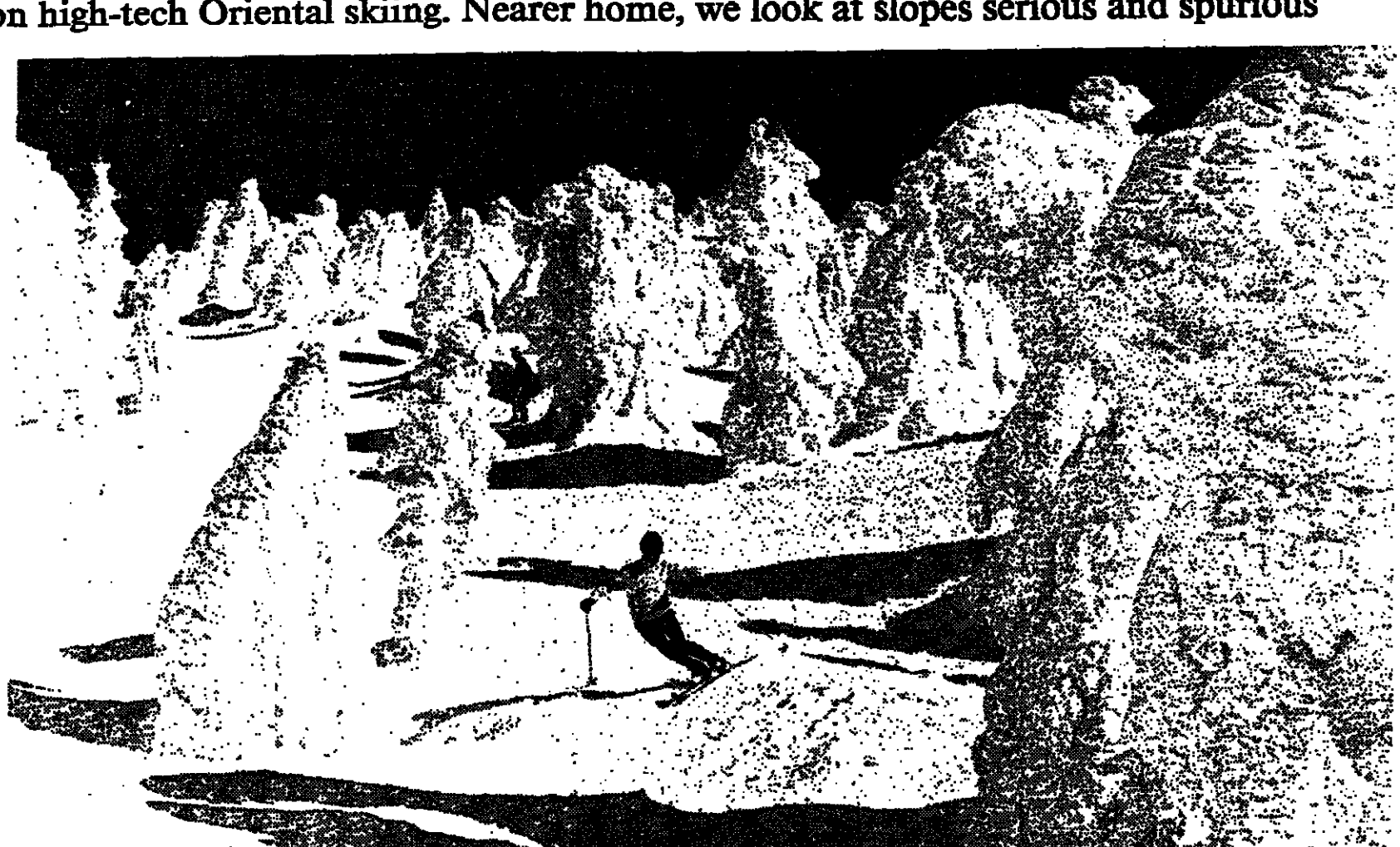
Still, the Japanese never forget their manners. Someone does an unexpected turn ahead of you; you avert, tripping up the person behind you and causing him to take to the air, perform a triple somersault, and end on his back with his head downhill and his skis gone to heaven knows where. So long as consciousness remains, he will find the strength to raise his head, look you squarely in the eye, and apologise.

Whenever you are there is always one respite from the crowds: lunchtime. Fortunately at 12 everyone stops what they are doing and makes for the nearest curry curia. Frightening queues build up at the restaurants while the ski-lifts are deserted. This is the time for the foreigner to pack in as much skiing as he can and then, if it is Saturday afternoon in Naeba, make the next train back to Tokyo. If you absolutely must go skiing at the week-end, and you have time to plan it in advance, you should go to Hokkaido. Japan's northernmost island first featured on the skiing map when it hosted the Winter Olympics in 1972.

There, the resorts are bigger, the runs more challenging and the crowds much sparser than in the "Japan Alps" close to Tokyo. For the expert skier, they claim they have powder snow as good as the Rocky Mountains.

Most of the resorts are centered around Sapporo, which is accessible in less than two hours by air from Tokyo. However, if you are wise you will sign up for a package, starting at around 40,000 yen for two nights, as internal flights are extremely expensive. The resorts of Niseko, Furano and Taira are one or two hours by bus from the airport. There are disadvantages to taking a tour. One is that you will be counted at least six or seven times between leaving home and arriving at your destination. Another is that they always seem to give you ample "free time" at the airport. A third is the tour guide who keeps up a non-stop commentary on the bus all the way from the airport to the hotel. This is no mean feat in Hokkaido, considering the scarcity of historical events in a place traditionally more densely populated with lakes and mountains than people.

One of the features that makes skiing in Japan a pleasure, at least for those who live there, is the taku-bin service that collects and delivers skis and boots anywhere in Japan at minimal cost and in an average of one or two days. The absolute certainty that the equipment will be there when you arrive is to my mind the most telling argument in favour of the thesis that Japan is the modern utopia.



A moment, drifting among the pines, away from the crowds with their personal stereotypes and impeccable manners in the Japanese winter sports resort of Zaou

to take to the air, perform a triple somersault, and end on his back with his head downhill and his skis gone to heaven knows where. So long as consciousness remains, he will find the strength to raise his head, look you squarely in the eye, and apologise.

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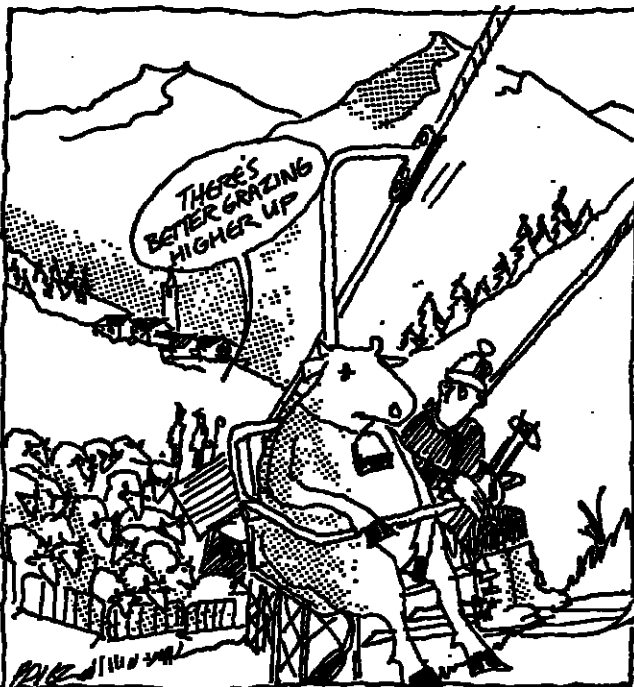
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The other attraction that is unique to Japan (as far as I know) is the availability at many resorts of hot springs. There can be few things more delightful after a day's skiing than sinking into a hot sulphur bath, particularly if it is the open air variety known as rotenburo. There you can drink whiskey or sake while gazing at the moon and stars.

Often, as you are drifting dreamily through the pines, you will catch an acute whiff of bad eggs. Clouds of sulphurous fumes hang in the air around brooks and springs. Majestic mountains are permanently wreathed in clouds which do not seem to go away no matter how clear the atmosphere. In fact, a few years ago in the resort of Manza, near Tokyo, a group of skiers actually succumbed to escaping cyanide gas. Before the Japanese Tourist Board lodges a complaint, I have to add that this was an isolated incident.

Naeba Prince Hotel tel: (0257) 89-2211. Prices start at around 10,000 yen for a single room with breakfast. Comprehensive lift pass (1 day): 4,800 yen. Japank Hokkaido Skitours: Tokyo (03) 453-1131.



Arnold Wilson joins serious skiers and schoolchildren in the French Alps

A WHITE Christmas in the French resort of Val Thorens is always guaranteed. It is a stark, bleak but strangely awe-inspiring place. Unlike the traditional alpine villages of Switzerland and Austria, no one in their right mind would come here in winter, except to plunge into some of the best skiing in the French Alps.

There is no messing about here in the thin air of the Glacier de Chavire, over 10,000 feet up in the Tarentaise mountains of Savoie. You are here to ski. Even with quite a few of the lifts still closed, this vast, rock-strewn glacial wilderness - the highest resort in Europe and part of which is claimed to be the largest ski area, the Trois Vallées - there is more skiing here than in many resorts where all the lifts are open.

Right now, it's even more isolated than usual. Short of driving there, one cannot even escape from the remorseless lunar landscape to the gentler climes of Meribel or the sophistication and

comfort of Courchevel, which normally link with Val Thorens and its near neighbour, Les Menuires.

This is not the place for the faint-hearted to discover whether or not they like skiing, just in case they find that they don't.

Nevertheless, Schools Abroad, which recently bought up its main rivals, Hourmont and Schoolplan, sends thousands of children here and they seem to enjoy it. The company also uses Courchevel, although schoolchildren find that rather chic resort a good deal more expensive.

It is difficult to ignore Schools Abroad's presence here, since we are the guests of its sister company Skiscope. Indeed, it is a little like being back at school oneself. We eat with the youngsters at 7 pm, a little early for our taste. And in our otherwise pleasant apartments, dire warnings addressed to the younger generation, such as "You have been provided with cleaning equipment to keep your apartment tidy." (Those of us in our apartment seem to have missed that one.)

Other instructions include: "Please do not place your washing over the radiators. This is a real fire hazard."

A winter wilderness just for enthusiasts

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Government on wrong road

IT WAS quite a motoring year: three and a half million cars in Geneva, Frankfurt and Tokyo, plus London's Motorfair; new model launches by the bucketful on both sides of the Atlantic; and around 25,000 miles (40,000 kms) of driving in 40 or so different cars, ranging from a Bentley Turbo R to a Daihatsu Charade, a BMW 750 to a Citroen C15D diesel van.

My total annual mileage was a little lower than my usual 30,000-odd (48,200 kms), mainly because it was just not possible to have a long continental touring holiday and give one's only daughter a stylish wedding at the same time.

As a Man of Kent, I cannot ignore the scheduled opening of the Channel Tunnel five years from now although I shall believe it exists only when the first train goes through. But I do not intend to use it to go to France; sitting in a car in a box van for a 30-mile (48km) ride through a tunnel does not appeal.

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Motoring

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socially unacceptable. However, I think the witch-hunt conducted by some county constabularies - which is random testing by any other name - might well prove counter-productive. It alienates totally respectable citizens who are stopped late at night and made to blow in the bag when they may have had nothing to drink all day apart from a lunch-time sherry, if that.

Surely the time and place to stop motorists who might be over the top is as they leave pub car parks? It would have the additional merit of preventing drink-related accidents from happening a mile or two up the road.

The greatest governmental flop of the year was the Lead-Free Petrol Week, which passed unnoticed by virtually everyone. As long as lead-free fuel has no price advantage over premium, who but environmental protection freaks is going to seek out the limited number of pumps dispensing it?

Diezel, of course, is totally free from lead. It brings important economy benefits (about 30 per cent better fuel consumption) as well as costing anything up to 20

pence a gallon less than four-star. No wonder diesel car registrations continue to climb. But for supply shortages of big-sellers like the Peugeot 205 and Citroen BX, registrations would have topped 100,000 (5 per cent of the market) this year.

If the government is serious about the use of lead-free petrol, it should knock 10p a gallon (3p per litre) off the excise duty and recoup the loss by putting more tax on cigarettes.



The Mazda 626 2.0i GT 4WS goes on sale here in mid-March. The extra cost of its four-wheel steering will be about £850

the remaining 25 per cent, already is Europe's lowest. The nation has wet weather one day in three when a worn (but still legal) tyre has only a fraction of the grip of one with 2mm or more pattern depth remaining.

Yet, the DOT is resisting strongly a European Commission move to secure agreement for a uniform 1.8mm pattern depth across the entire width of the tread. This is little enough; 2mm (the depth at which the AA recommends tyre changing and at which government ministers' official cars are reshad) would be better still.

Yes, tyres are expensive. But their life can be extended greatly if they are treated with the respect they deserve.

The government justifies its attitude by saying it does not wish to impose an added financial burden on motorists by stiffening the tyre rules, besides which it cannot see that this is necessary, anyway. Yet, its reluctance to add to motoring costs is not evident at Budget time when excise duty goes up on fuel, or when it refuses to do away with the 10 per cent special tax on the wholesale price of a new car before VAT is added.

But then, the extra money goes to the Treasury, not to tyre

makers and distributors, and that makes all the difference.

Next week, I shall be looking at some of the cars that impressed me most in 1987. For now, suffice to say that two of the best cars I drove were the BMW 750iL and the Mercedes 300CE. For one-tenth of the price of the £25,000-plus BMW, the Citroen AX charmed with its ride comfort, spaciousness and extreme economy. Alfa's 164, sampled all too briefly, was the car I am most anxious to drive at length in 1988.

Stuart Marshall

VIII WEEKEND FT

DIVERSIONS

Nicholas Faith considers the growing menace of alcoholism and the slowness of governments and society to come to terms with it

The demon in the drink

ARE YOU feeling better? If you can remember how you felt yesterday, you should reflect on the hundreds of thousands of sufferers for whom your occasional, seemingly laughable, problem is a daily torment.

Traditionally, the New Year brings with it millions of vows of temperance. "You'd be amazed how much Perrier we sell in January," says Caroline Mack of Punters, a favourite City of London wine bar. Her customers' vows are invariably short-lived, for there is no subject about which we are more dishonest. If market researchers ask how much people drink, the total to which they admit will rarely be more than half the drink they actually consume. But behind the bluster we are all aware of the process described in a Japanese proverb: "First a man takes a drink, then the drink takes a man, then the drink takes the man."

Almost anyone's drinking can get out of hand, as the Royal College of Psychiatrists warned in its recent report, *Alcohol: Our Favourite Drug*, although doctors have been slow to tackle the problem. When Dr Max Glatt, the acknowledged doyen of the subject, opened his first alcohol unit in 1962, "the British Medical Journal was describing alcoholism as a thing of the past, the temperance people were going out of business."

Recently, younger GPs have been trained to detect alcoholism but, unfortunately, just as the medical establishment has started to come to grips with the problem, changes and cuts in National Health Service funding are ensuring that the world of alcoholics, actual or potential - is divided into two: the minority, working for large organisations and thus able to take advantage of a growing network of treatment centres; and the vast bulk of the population which is reliant on GPs, most still without specialist training, none able to give the problem drinker the lengthy personal attention he (or increasingly she) requires, and backed by a shrinking base of National Health treatment centres.

This neglect contrasts with the attention (and funds) lavished on drugs and Aids which afflict a few thousand. Alcohol, at the lowest estimate, afflicts hundreds of thousands. "Take the deaths from every other abused drug," a leading American authority said this week by exaggerating the numbers, "virtually all of which are disputed. It does not help that alcoholism covers an extraordinary variety of cases, none exactly alike. Even the idea that alcoholism is a disease is relatively recent, and is already being challenged. Behavioural psychologists think of it as 'learned behaviour' which prevents alcoholics from relying on their problem as an excuse - or a defence."

In Britain, the disease concept is under attack only by a fringe, although psychiatrists emphasise that alcoholism can be a symptom as much as a disease. Doctors tell you that, like a rhinoceros, it is indescribable but instantly recognisable. The American Psychiatric Association has settled on three basic criteria: physiological symp-

toms such as hand tremors and blackouts; psychological difficulties, which include an obsessive desire to drink; and behavioural problems that disrupt social or working life.

Alcohol itself is a toxic drug: more powerful than, say, heroin, but less deadly because it is ingested through the stomach, the only organ able to deal with dangerous substances. Surprisingly, it is a relaxant, a depressant and tranquilliser: it soothes us, reduces our anxiety, its ability to loosen our tongues and our attitudes springs from its ability to "disinhibit," a clumsy medical phrase signifying that the doctors can't explain exactly how this happens.

Fortunately, alcohol is far less addictive than most drugs, especially nicotine. Few smokers can take or leave their favourite drug, while a mere 7 per cent of drinkers "sometimes feel restless" without a drink and less than 2 per cent of drinkers are severely dependent. It is increasingly clear that many drinkers, particularly those who start young, are genetically predisposed to drink or are genetically "susceptible."

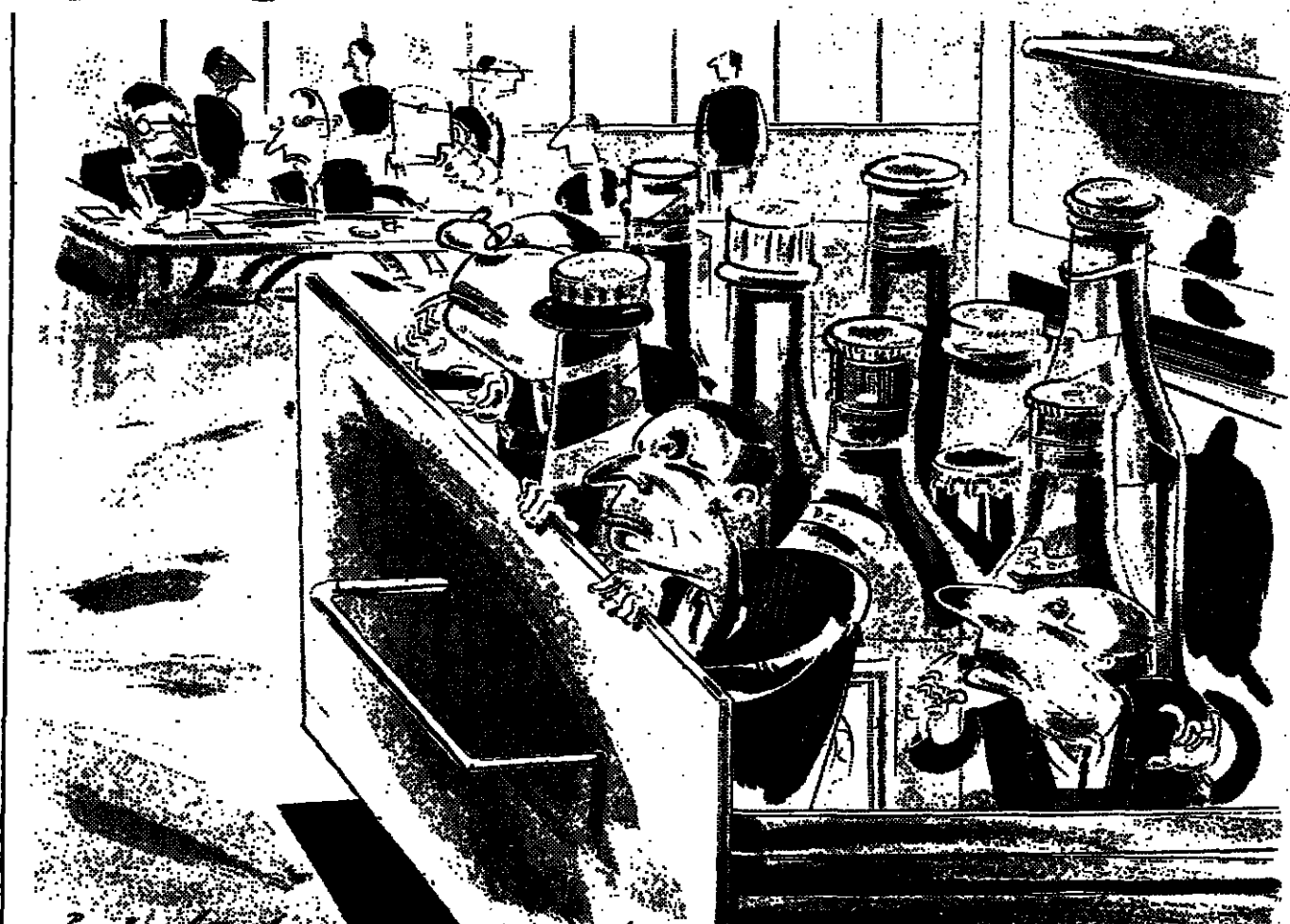
So are some races - although ethnic assessments can be false. Jews were popularly supposed to be un-alcoholic but they became as susceptible as lesser breeds once they moved out of the ghetto and colony. Anonymous has its fair share of Jewish members and meetings have been held in synagogues. Paradoxically, countries such as Ireland and Scotland combine an unusual proportion of teetotalers with a higher than average number of alcoholics.

Yet there is a rough correlation between alcohol consumption and alcoholism: the reasons why the problem grew more serious in Britain between 1960 and the mid-1970s. Social changes have also increased the problem of women drinkers. Women can absorb with safety far less alcohol than men, partly because they are generally smaller and lighter and partly because their bodies contain more fatty tissue and less water.

Until recently, their fears of drink were reinforced by the social convention that (for reasons which escape me) while female drunks were inevitably found disgusting, some male drunks could be hilarious. But women are catching up. In 1971, 40 times as many men as women were admitted to mental hospitals with alcohol-related problems: 12 years later, the ratio was down to almost two to one. In the 10 years to 1984, the number of women convicted of drink-driving nearly tripled. The drinking pattern could follow that of smoking: at a time when every other class is reducing its nicotine intake, working-class women still seem to see the habit as a sign of independence.

Nevertheless, alcoholics follow the same route downwards, whatever their sex, class, or race. In his standard work on alcoholism, Dr Glatt has a terrifying chart showing the stages of decline through such things as memory blackouts, avoiding friends and family, tremors and indecipherable fears. Then, at the nadir - "all abilities exhausted, complete defeat admitted" - the alcoholic can express that "honest desire for help" which is the foundation for all cures.

The physiological damage is easier to describe than the psychological. Worst affected is the liver, which is why deaths due to cirrhosis are taken as a good index for alcoholism. Unfortunately, even this



measurement breaks down with doctors, who are generally unwilling to certify that one of their fellow professionals has died of drinking. Alcohol is so rich in nutrients that the liver goes for it rather than more important foods, which is why alcoholism often leads to severe malnutrition. Later on the liver scars, slowing its ability to filter poisons and ending up with cirrhosis, its final, fatal degeneration.

The liver is not the only organ to suffer. So, most obviously, does the brain. Alcoholics with Wernicke's encephalopathy are unsteady, those with Korsakoff's psychosis lose their memory. The sexual organs are not spared - "brewers drop" is a joke founded in physiological fact - and while the breasts of alcoholic men swell, those of alcoholic women tend to shrink. Children of alcoholic women (and even of women who drink too much during pregnancy) are liable to foetal alcohol syndrome, a complex disease often unrecognised for lack of outward physical signs.

But, as so often, alcohol is the most obvious, but not necessarily the most important, key to such diseases. Other factors such as maternal age, social class, tobacco, obstetric history, diet, and the use of other drugs, can be more important. Unfortunately, one sure symptom - a general shuddering and diarrhoea - makes it infinitely more difficult to treat the alcoholic. It is a

tribute to doctors' relative helplessness that the single most successful organisation devoted to alcoholism, Alcoholics Anonymous, is not medical at all but simply a series of self-help groups so sternly self-reliant that they refuse gifts of over £1,000.

AA, originally a spin-off from the Oxford Movement, was founded in the US by a stockbroker and a doctor in 1935. Twelve years later, the first meeting in Britain was held at the Dorchester Hotel - launched through a small advertisement placed in the only paper which would accept it, the *Financial Times*. Thanks partly to the backing of specialist doctors like Max Glatt, AA now has 2,200 groups and 40,000 members in Britain and has now spread its attention to that much-neglected group, the alcoholic's family, and to younger drinkers.

The failure to detect and treat alcoholics early on, when treatment is so much easier, is often due to wishful thinking on the part of corporate employers. Firms have a special responsibility, not only if they are in the obvious fields like newspapers and drinks business itself. In fact, businessmen are more at risk even than journalists - or doctors.

The problem often starts at the top. "If you have a drunk chairman," says Dr Alan Bailey of BUPA, the medical insurance group, "then you'll have a lot of alcoholics in the company." At one major advertising

agency, things got so bad that BUPA withdrew its coverage for alcoholism. Now, he notes with relief, the top man in many companies is increasingly setting a good example.

The risk has been recognised in the US, where more than two-thirds of major companies now have employee assistance programmes. But in an equally large proportion of British companies, alcoholics are tolerated until they become too much of a nuisance and then are fired. This misplaced kindness merely aggravates the problem. "In the old days," says one company doctor, "banks used to send their drunks to branches in the Third World, which perhaps accounts for the bad loans they made."

Not that employee-assistance programmes (or in-house company doctors, for that matter) are necessarily the perfect solution. Alcoholics are, by definition, devious, wary of authority and able to conceal their activities for surprising lengths of time, which will be all the longer the more strict the regime within a company. Moreover, says Bailey, "there is no real 100 per cent test for deciding who is going to go down the slippery slope. We do three or four blood tests before a final decision."

Some organisations - such as the BBC - recognise a brutally realistic need to help as soon as possible, to recoup the large

sums spent on training the executive concerned. BUPA and other major companies can rely on a growing number of specialists in in-patient clinics, which can cope with every type of case, but the public sector, to put it mildly, is less well-provided. This is partly because alcoholism is not easily contained within an orthodox medical system - as witness the degree to which doctors rely on AA.

The greatest single factor in treating alcoholism, says one experienced company doctor, "is constant support, probably by a whole group of people - family as well as professional, over a long period of time." The NHS is simply not geared to providing such sophisticated personal networks. This is no excuse, for governments have long been doing this for years, but the police referred drunks to hospital detoxification centres and a quarter of those treated showed some permanent improvement. But for the past few years offenders have been allowed to walk the streets being sent on their way, neither prosecuted nor helped, a purely negative approach.

More fundamentally, the government - with alcoholics as with other psychological patients - is trying to reduce in-patient treatment in favour of community care. But Glatt says: "The community simply doesn't have enough facilities; and even though most alcoholics can be handled in the community, there are always casualties needing in-patient treatment." Yet, the number of such beds is declining.

In an atmosphere of increasing concern about alcohol, the government is rather worried about its proposal to allow pubs to open all day. It has even set up an inter-ministerial committee to act as a sounding board to deflect objections. But a similar relaxation in Scotland in 1976 has provided encouraging indications that people are more trustworthy than the government thought. Deaths from cirrhosis in Scotland dropped by 15 per cent in the first half of the present decade, but rose by much the same percentage in England and Wales. Convictions for drink-driving have declined marginally in Scotland since 1976, while they have risen 60 per cent in England and Wales. And the number of Scots prosecuted for drunkenness dropped to 3,815 last year compared with 5,288 the year before; in 1976, the figure was 16,996.

The anti-alcohol lobby has to fare not only a sophisticated industrial interest but at least one uncomfortable truth. Experience, notably in Scandinavia, shows that outrageously tight restrictions on drinking, while reducing social drinking, do not provide much of an answer to alcoholism. As the American - and indeed the Arab - experience with prohibition (and problems with other drugs) shows, unavailability is not going to prevent the hard-core - by definition the very classes most at risk - from securing supplies, at greater risk than if they were freely available.

The brewers have sensed the trend. As employers, they are notably sophisticated in dealing with alcoholics. They are also selling 20 brands of low-alcohol and alcohol-free beers, some heavily promoted; drinkers are buying 150 million cans a year.

By contrast, the government is evading its responsibilities. Four years ago, it failed to publish a comprehensive survey supported by the Think Tank, partly, one suspects, because it avoided linking duties on alcohol to the retail price index. In 1986 and 1987, it declined to raise duties. Surely now it should turn its attention to drink, increase duties to compensate for past failures - and spend some of the money to treat the country's homeless masses of drunks caught outside the private sector's safety net.

Wine

Buyers hold the key

ALTHOUGH, in recent years, wines for everyday drinking have become cheaper in real money, fine vintage prices have increased, particularly the higher-class young clarets and burgundies. Despite these rises being criticised widely, many estate proprietors and growers seem to have had little difficulty in selling their wares.

Official Bordeaux figures show that between 1983/84 and 1985/86, the amount of wines that left the top six Haut-Medoc classed-growth communes, such as Pauillac, St Julien and Margaux, was markedly higher than in the three previous years. Of course, the recent vintages mostly were larger, but the wines still sold. Stimulated by *en primeur* and futures offers for each new vintage, it was a sellers' market for them.

The same trend was evident in Burgundy, particularly for the white wines, with Pouilly-Fuisse costing up to FF600 a bottle - more than Meursault and Montrachet (although absence of dominant American buying has brought Pouilly-Fuisse prices down with a rush).

There is evidence, however, that this is changing. In the 1985 year that ended last August in Bordeaux, the overall quantity leaving those same six communes fell and stocks rose by an average of 10 per cent. In Burgundy, export sales (excluding Beaujolais) fell by 9 per cent in 1986; and in the first half of last year they dropped by a further 12.5 per cent.

The biggest fall, of 28.4 per cent, was in white burgundies exported to the crucial US market. Last August, cellar stocks in Burgundy were up sharply to record levels, especially the whites.

When you also consider that many Bordeaux chateaux are said to be almost afloat with stocks of the past four vintages, including the uneven '87s, it looks very much as if we could see the first buyers' market since the mid-1970s. If so, this is an auspicious time for serious wine drinkers with cellars or reserves at their merchants to assess their stocks (taking into account their consumption in the past 12 months) and consider how best to replenish them.

This could be the time to replenish stocks, says Edmund Penning-Rowsell

It should not be thought, though, that prices for the internationally-known classed growths are likely to crash and that you will be able to buy Mouton-Rothschild for the price of Mouton-Cadet or Montrachet at the level of Macon. Such wines have a fame that ensures them a certain restaurant and consumer appeal and, after all, they usually are exceptional. What are more likely to see is a standstill in the prices of the '81, '82 and '83 clarets a drop in the unregarded, under-rated '86s and a little slide in the plentiful '85s and '86s.

As yet, however, there is no sign of significant falls in auction room prices for fine vintages. There is so little fine red and white Cote d'Or burgundy that much decline in past vintage prices is improbable (last year, the '86s fell by around 20 per cent compared with the '85s). However, lower figures for the moderate '87s are possible, not least in view of the high stocks and particularly at the lower-quality Cote d'Or and white Chalonais and Maconnais levels.

All such predictions must, of course, be as tentative as for shares on the stock exchange. But what is more certain is that prices of the next vintage are unlikely to go up unless it is exceptional.

Meanwhile, it is now worth considering the '86 clarets that were not offered last year in anything like as wide and confident a way as were the '86s before them. The '86 is agreed generally to be a good even very good vintage, in the Medoc and Graves albeit a slow-developing one, and the prices were down by 10-20 per cent (although only marginally for the more expensive *chateaux bourgeois*). While at classed-growth level they could come down further still, the absence of a popular '87 might keep them firm.

The best value in the '86 clarets lies, as ever, in the *crus bourgeois* and in Bordeaux last autumn I sampled some good Medocs. Older vintages to go for are '85, '83, '82 and '81. Now, for early drinking, should the *petits chateaux* of these years be overlooked, while the under-rated, classed-growth '84 Medocs also are worth considering.

The burgundy vintage to buy now undoubtedly is '85 and then, with careful recommendation, some '86s that were particularly successful in the northern part of the Cote d'Or and which will be available in the UK in some months. Among the whites, opinions are more divided between the '86s and the '86s. It is later, at least, more immediately attractive and crisper but perhaps not so fine in the long run. I would also make a small provision for the '87 *crus Beaujolais* when available this spring and early summer. They will be fruity and provide agreeable drinking.

Some excellent value is to be found in the red Cote Chalonais wines: Mercury, Clivry and Rully, the "weight" of which could be described as halfway between the Cote d'Or and Beaujolais (as they are geographically north or south).

With burgundy generally so high in price, the Rhone wines, particularly those from the

Saleroom Moderation beckons

WHILE 1987 was the best of years for the salerooms, it was perhaps also the worst. The media hype which has carried works of art sold through the auction houses to unprecedented price levels, continued unabated. In March, Christie's established an astonishing record in London when it sold one of Van Gogh's *Sunflowers* for £24.75m, around three times the previous highest successful bid in a saleroom. "It will remain the record for years," said the pundits.

In November, Sotheby's in New York disposed of Van Gogh's *Rieses* for \$30m and the pundits fell silent. Obviously, these high buyers' prices and the unreal prices for Impressionist (or, rather, post-Impressionist) paintings. They have become an exclusive, internationally traded, commodity with an appeal for the mega-rich that far transcends any aesthetic judgment. It is hard to imagine a much greater Old Master painting, or any artefact, approaching such price levels.

Sotheby's went to Yasuda, a Japanese insurance company, which got ticked off at home for its ostentation. The buyer of *Rieses* remains undisclosed but one man, or perhaps a small syndicate, seems to be acquiring paintings of the highest quality through a Swiss art investment trust. The new owner of *Rieses* probably also paid \$12.6m for Van Gogh's *Port de Truroy* and \$7.7m for a Manet street scene of Paris, both of which sold at Christie's and disappeared quickly into obscurity.

These mighty events dominated the headlines and also made both Sotheby's and Christie's a great deal of money. Neither would presume to ask the seller to pay the usual charge but the 10 per cent premium from the buyer would have ensured that, in two minutes at the rostrum, the auctioneer netted Sotheby's and Christie's more profit than most of the small departments - rugs and carpets, arms and armour, clocks and watches - which labour away throughout the year.

Best of all, it illustrated to the world's billionaires that art is an attractive alternative investment, and seemed to justify the passionate belief which has seized Sotheby's (or at least its New York end) since it was acquired by A.L. Taubman, the American property magnate, that works of art can be bought and sold with the same speed and confidence as pork belly futures or Manhattan apartments.

By chance, anyone wanting evidence of the investment performance of art was provided with it in abundance in 1987 when British Rail's pension fund disposed of some of the works it acquired in the 1970s when raging inflation and a nervous stock

market made art seem worth a small gamble.

In the summer it sold Old Master prints for \$2m, representing an annual appreciation of around 3 per cent - not good given the stock market boom of the 1980s but not bad for a fund investing in the tricky 1970s. In the autumn the fund did much better, selling for almost \$1.2m silver. It had acquired for \$200,000. Then, in December, Japanese prints bought for \$445,000 were resold for \$1.6m. Along the way, a Stubbs horse painting was offered singly and failed hopelessly.

The consensus must be that works of art are just like any other investment: some do well, some do not. They produced no revenue for the fund but, given the narrow investment options when purchased, it was a worthy buy which had a fairly happy outcome. It is doubtful though, if the American investing element would be encouraged by increase in the 1970s when the fund's investment was the

the stock market crash and saw their goods passed in. Under auction house pressure, they have been prepared to accept lower prices during after-sale negotiations.

Top quality antiques are, of course, still finding their homes, especially in sectors where connoisseurs are more important than new buyers. The Denehey collection of early printed books and manuscripts realised amazing prices at Christie's and Sotheby's has done well with early Ming blue and white porcelain.

So what of 1988? The salerooms can pretend all is well. The autumn figures show Christie's 85 per cent higher, in sterling terms, at \$245m although Sotheby's, which depends more on New York and the sick American dollar, achieved only a 2.7 per cent sterling gain to \$333m. The country's less mass of drunks caught outside the private sector's safety net.

Phillips will prosper quietly and pick up yet more provincial salerooms so that its property portfolio is greater than its saleroom activity. Bonhams seems to be making a go of it as a fourth force in London without expertize, will hold off the challenge of New York as the principal art market and Europe will become much more important as the US economy recovers.

The salerooms will continue to be amazed at the good things that pour into them and the dealers will get their teeth and use them as their main source of goods while trying to build up an alternative selling network. In any event, they will go on as usual but the better they will be, the more works of art will rise inexorably in price has been shattered. That is why 1987 was the worst of years for the salerooms.

Antony Thorncroft

An early highlight of 1988 - one of a pair of George II wine coolers by Crespin and de Lamerie, estimated at up to £300,000 at Sotheby's on February 4.

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DIVERSIONS

Flashes of inspiration

THE BEGINNING of a new year is traditionally a time for looking back and for looking forward. Rooting around to think of the starry products of 1987, I didn't come up with very much. I decided to ask an assorted group of designers, industrialists and ordinary consumers what, in their view, was the product of the year. Here is what they had to say.

Jeff Bamba, design director of Warehouse.
"The best product I saw in 1987 is my Vitus aluminium bike - a real State-of-the-Art bike. Traditionally bikes are made from steel parts which are welded or soldered together. Aluminium is much lighter but could not be used before because it can't withstand the high temperatures necessary for welding. Spacecraft technology has taught them a way of gluing aluminium together - so my bike is made from very lightweight aluminium, all glued together but with incredible rigidity. It's very 'torquey' as we cyclists say which means it responds exactly to all commands. It is really a bespoke bike made to order for me by J.D. Whisker & Co of 88 Willesden Lane, Kilburn, London NW8 - it has new aluminium brakes, a new all aluminium gear set and it's so beautiful I've only taken it out a few times, when the weather has been good. It cost about £1,000."

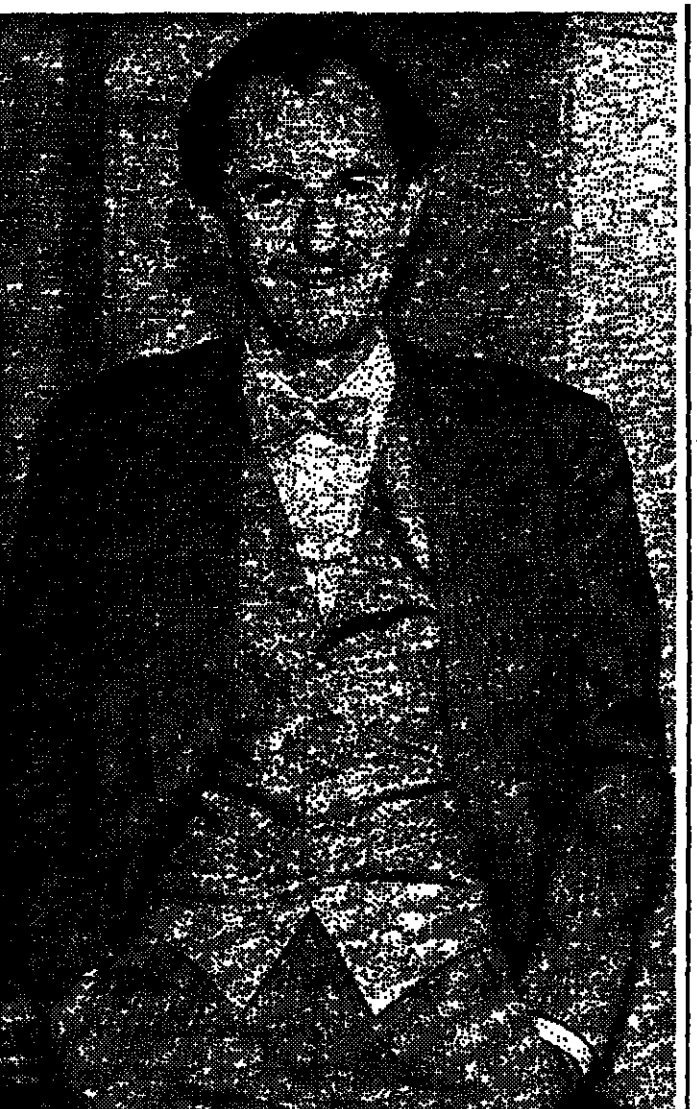
P.S. Out of London readers who hanker for a State-of-the-Art bike might like to know that J.D. Whisker runs a marvellous postal service for cyclists from 88A Goffs Lane, Goffs Oak, Herts. Tel. 0707-876448.

Anita Reddick, founder and managing director of The Body Shop.
"My favourite product of the year is the Minolta 7000. I'm a closet photographer and this camera is idiot-proof. It's not an

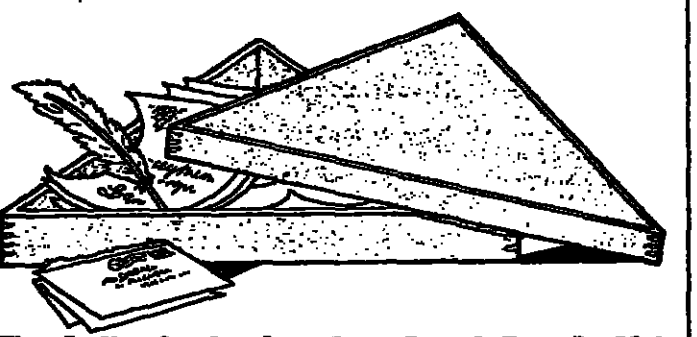


Lucia van der Post
difficult clients I can go to sleep and the radio goes off with the snooze button.
Many radios now have this facility - for instance John Lewis stores sell a Philips version at £2.95 or a Panasonic clock-radio/cassette at £49.50.
capacitor. Rozzie, owner and taste behind one of London's most interesting shops for those interested in well-designed modern objects, Oggetti. He also owns London Light.

shop in the centre of Paris. Unfortunately I can't remember its name. In one beautiful timber box is every single colour you could possibly need to create design and visual. It was unbelievably expensive. It cost about £260, but it makes life simple. I can just go to the box and find exactly the shade I want.
"The best product I found Allied International Designers, an international design consultancy and former president of the Chartered Society of Designers.
"The best product I found (though I suppose you'd really call her that) is my girlfriend whom I found in Kansas City last year. And the best thing that happened was that I succeeded in bringing her over here.
"However, the favourite thing that I bought last year was a black 100 per cent Alpaca sweater from Malcolm Levene. So light, so warm, it makes me feel really wonderful whenever I wear it. I feel that whenever I am when I'm wearing it is the place I want to be."
Malcolm Levene, 18-15 Chiltern Street, London W1. Alpaca sweaters in several colours at £111 each.
Robin Wight, chairman of WCBM Matthews Marcantoni, the London advertising agency.
"The product that I like best are the wallcrawlers made for me by Durnford Wood (the person who paints my bow ties), and are made up by Lawrence Wilcox. I think people take themselves too seriously, and this is a way of taking myself even less seriously than usual. They are handpainted on silk. I'm sitting in one now, it's pink flowers with a sort of yellow blob - a visual extravaganza. So I bought a product of the year is an enormous box of coloured pastels that I found in an old-fashioned artists' materials



Robin Wight in his multi-coloured waistcoat



Fine Italian leather box, from Joseph Pour La Maison

Peter Knight rages about badly designed products

Fools in any language

MY COOKER has to be virtually rebuilt to use its grill. The pop-up toaster refuses to pop because it has an aversion to bread crumbs. My automatic electric kettle does not switch off because the cable interferes with the mechanism and my telephone falls to the ground every time the receiver is lifted because its base is almost weightless. The people responsible for these disasters are designers - the same people Sir Terence Conran spends a lot of time promoting. He claims industry benefits from good design because buyers find the objects practical and attractive.
But if my goods are an example of this creativity then God protect us from these idiots. Take my German-made Rowenta kettle. It looks like an object that deeply creative people with designer stubble and rest-rimmed spectacles have spent many man-hours developing. A clever flared spout, an elegant handle, a delicate hint of colour (blue to match the kitchen) combined to make the kettle jump from John Lewis's shelf. But it does not work properly because the idiotic designers have put the switch (blue) in a crevice just big enough for the snaking cable to fill. I leave the kettle on in the foolish belief that it will switch off once boiled and return five minutes later to find the kitchen transformed into a Turkish bath and the Rowenta about to melt. The cable is blocking the switch. Dummkkoppf!
Rowenta's nuck-up is a mere indiscretion compared with that of Zanussi who made my gas cooker. It comes from Italy, the home of good design, and the company's motto is 'The Appliance of Science.' The cooker looks good, but there are a number of things intrinsically and quite dreadfully wrong with its design. I will restrain myself by detailing just two.
Uno: when the oven is on, the panel of plastic control knobs expands to such an extent that it is difficult - sometimes impossible - to turn the burners on or off. Duo: to use the grill a large plate of bent metal has to be clipped on to some special protruding screws directly below the control panel. This contraption - which resembles design of the pre-Noah era - is supposed to protect the panel by deflecting the intense heat that shoots UP from the grill.
This is the routine if you want to toast a cheese sandwich. Go to the broom cupboard, find and remove the special two-foot bent-metal plate. Walk back to the cooker, bend down and attach it, with some difficulty, to the cash till set on shop counters up and down the country. You give the assistant your credit card, he wipes it through the machine which, after automatically validating the number, spits out a little slip of paper the shape of a smile. It's a big machine with a desk-like slab on which you could accommodate a foolscap sheet. But you are forced to sign the slip on the extreme right-hand side of the contraption, virtually within its workings - it's a bit like trying to write your name on the bottom of a coffee mug. The result of these enforced contortions is a signature that bears little resemblance to the original. I complained. "You're lucky," said the assistant. "You should see appropriate - the oven can only be closed once the deflector, now blisteringly hot (and I have the scans to show), is dismantled with the help of an oven glove. While the heat deflector prevents the control panel from actually melting, the cooker has to be left to cool for about five minutes before anything else can be switched on because the panel, and not the cheese, gets the toasting. Idiots!
Our German-made Russell Hobbs toaster has given years of highly irritating service. (I think I'll throw it away now.) It does not work unless it is cleaned out every few days. This involves unscrewing a plate at the bottom and then shaking the device vigorously. Besides spreading crumbs all over the kitchen, the process is necessary because the toaster's designer obviously forgot to include bread in his calculations. Dummkkoppf!
My British Telecom phone has a plastic base that contains nothing but a few microchips to make a ringing sound similar to a turkey's mating call. Gobble gobble gobble beep. Pick up the phone and the base crashes to the ground. Idiots!
And what about the Saab 900 Turbo? For around £13,000 you get a safe Swedish design, with a roll bar to protect your head, reinforced doors to save lives from bad drivers who shoot out of side streets and monster bumpers to fend off bad parkers. But don't try and look out of the rear window on a rainy day because you won't see anything. The company that boasts about its ability to design superionic jets can't get it together to install a rear windshield wiper as standard. Spend less than half the money on a Volkswagen Polo and you'll get a wiper but Saab does not think you need one of those things intrinsically and quite dreadfully wrong with its design. I will restrain myself by detailing just two.
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I LOVE THIS. "Now and again we all eat too much, drink a bit unwisely, and it's fine at the time. But then, the morning after, the headache, upset stomach and fuzzy mouth."
That "a bit unwisely" is a masterpiece of understatement. If poetry consists of putting into words the deeper levels of human experience, then the copywriter who penned those lines for the side of a packet of Beechams Resolve is a true poet. And then you go on to see "Beecham Resolve relieves headache and settles your stomach." I tell you, if Resolve lives up to its promise - and that is saying quite a lot - then my Christmas will be transformed.
But I'm taking no chances. I prepared this time. I've treated myself to a little Strategic Defence Initiative of my own. There are the Andrews Liver

Food for Thought

Relief is at hand

That's the middle and back row, as it were. Up front we have Fernet Branca, Unterwegs bitters, Ailsa Seitzer, Resolve, and The Original Pick Me Up from D. E. Harris & Co. The James Street I may have left out one or two, but I reckon that that's not a bad line-up in anyone's book. It covers the options, and I know I'm going to need them.
People have been saying to me "moderation in all things" for years, but it's no good. One kind friend advised me to give up the booze, cut back on the grub and get myself a good psychiatrist. I had to advise him that he was berking, mad, as well as up the wrong tree. It isn't too bad most of the time, but come Christmas, which now seems to start almost before the last one has ended, things tend to go a bit awry. I know perfectly well that before long, and it's a miracle it hasn't happened already, I shall wake up with the headache, upset stomach and fuzzy mouth, as the poet said.
If you are really interested in what happens to you, I recommend you read, mark, learn and inwardly digest pages 483-488 of Harold McGee's remarkable, readable and illuminating *On Food and Cooking: The Science and Lore of the Kitchen* (Unwin Hyman). Leaving out the gory details, the gist of his tale is that your body takes evasive action as you pour huge quantities of alcohol into it. Then you stop the flow of booze. The tide recedes, but your body is still geared up for action, and takes a little time to disarm. Ergo your hangover. Ergo the quivering liver.
More sobering still, Mr McGee does not recommend the hair of the dog solution. In fact he does not recommend any solution at all, because, according to him, there isn't one. So what am I doing with all these pills and potions? The spirit of scientific inquiry drives me on. Can we be quite certain that Mr McGee is absolutely correct without conducting a few experiments of our own?
Take Harris's Original Pick Me Up, for example. There could easily be something magical about its mixture of camphor oil of cloves, gentian tincture compound, ammonia spirit, aromat and cardamon tincture compound. It sounds and smells disgusting enough. Perhaps it works

effectively on my wife, who has a notoriously sensitive head, and one morning, when my resistance was at a low ebb, I was persuaded to give it a try. It certainly did for my hangover. I turned me into a zombie for two days.
Anyway, I feel I have enough for effective drink damage limitation. I am not so sure about the food side of things. For years I have been an Enos man when under stress, without coming up with any conclusive evidence of its benefits. But then you start looking at what they are made of, and you begin to wonder.
Take De Witts Antacid Powder, for example. What do you make of magnesium trichloride, light magnesium carbonate, calcium carbonate, sodium bicarbonate, light kaolin, and peppermint oil? What are we pumping into ourselves? Thank heavens for the peppermint oil. I am tempted to revert to the pot of quinine jam which did the trick for a friend of mine stricken in France, or to a pot of juniper tea as prescribed by herbalists.
All in all, enough to make one wonder whether the turkey, Christmas pudding, extra-large helping of brandy butter, the three marrons glacés and the second bottle are all quite worth the candle. I'll let you know, in good time for next Christmas.
Peter Fort

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BOOKS



The Yuppie's Lament

Results and report on the competitions by Anthony Curtis, Literary Editor

MINE EYES dazzle from the sustained brilliance to which I have been treated by those many readers who entered for The Yuppie's Lament - not more than 14 lines of verse in the style of a well-known poet. Before we begin to think about prizes - congratulations all round. The standard was once again of the highest. Most of the entries contained lines I would have liked to have quoted had my space been infinite. 'Oh school rhythms die hard!' declared Mrs Olive Howard who found her model in de la Mare: 'Is there anybody there?' cried the Yuppie. Calling on his high-tech phone; And his new red Porsche ate up the miles. As he drove through the night alone. They died hard too for another contestant, Leonard Brown: I must go down to Docklands again Where Flat Rents are sky-high And all I ask is a Bank Loan And FT to steer me by. And for R.I.K Little: They told me, city gentlemen, They told me you were dead... Or yet again, for Dr T.F. West: There's a breathless hush in the Club tonight Money on tap and the market's right But the voice of the old bear chills the air. As the Yuppie smooths his stylish hair. The most popular poems parodied were Housman's Kipling, Eliot, MacNeice and Betjeman. Mrs J. Coatsworth reminded us of an actual poem by the latter on The City, part of which goes: Young men who wear on office stools The ties of minor public schools Each learning how to be a sinner - And tell 'a good one' after dinner... Compare that with some neat Joan Hunter-Dunnington from B. Miller: Remember last year! Remember last year! Stirring and spurring my climbing career! When the stock market boomed and within the square mile My wheeling and dealing backed up my lifestyle. With downright uprightness, deep in the crash I've taken my notice. Oh! cruel backlash! Or again compare Richard Beville's: We should not have to question why He's traded in the G7, And bid up to EC3. In pouring rain, from Battersea... Mrs Patricia C. Atkinson echoed Hopkins in her opening line: 'Glory be to God for wealthy parents...' And from C. Richards, Philip Larkin's celebrated mot reappeared as: 'They fuck you up those stocks and shares/ You think they won't do but they do...' By contrast, J.M. Macaulan captured the late Auden manner thus: Here, I find that there is nothing To remind me of the past, which Like a witch, I see was a bitch, Not the soft option that I in my Etalon, imagined; but rather A ruin, the exploration of which Predicts my dire future. Some good shots at T.S. Eliot, himself a quondam yuppie, from Mrs Mary Atterbury, Mrs Sally Avens, W.F.

Down and J.A. Neill, and among the Kiplings, Gisela Hess, Mrs Joyce V. Forington, Paul Sarnoff and Peter Dandier were all on target. No one essayed Wallace Stevens but Alex Pollock made a good fist of e e cummings ('summer days with Portia/ have turned to dollarfall'). Way back from our own time Katie Mallett ('Avenge, Oh Margaret, your faithful lock...') tried Milton, On the Late Massacre in Piedmont, among her three attempts and Barbara J. Wells, Milton too, On His Blindness, both cruelly apposite. Some noble Wordsworths from H.J. Dickman and two canny shots at Burns, from Francis Maud and Joseph J. Tunney of New Jersey. Masses of Housman much of it vintage. Well-timed Longfellow from Patricia Wilson Jones and Coward's tricky rhyming perfectly caught in Dr W.I.D. Scott's The Yuppie Gnomes of England/ How woebegone they stand... A surfeit of skirling on the bagpipes by the MacNeice squad. The one printed below was best and wins the first prize of \$100; runners up follow and they each receive \$50. Yappy Music (with apologies to Louis MacNeice) It's no go the limousine, it's no go the kishshaw, All we've got is a Filofax and a badly dented Porsche. Our boxer shorts were made of silk, our ties were made of satin. We used to read the Financial Times with something approaching passion. It's no go the SIB, it's no go Compliance, All we want is an inside track and a deal to show the clients. The market-maker went a bull, looked at his book with abhorrence, Said to his manager 'Take me away; I'm through with under-performance'. It's no go the crystal ball, it's no go the prophet, Follow the charts for fifty years, you'll still be out of pocket. The screen gets redder hour by hour, the screen is on the parquet, But if you break the bloody screen, you won't hold up the market. Geoffrey Guinness The Yuppie's Lament Bear, bear, bear, On thy cold red screens, O Seaq! And I would that my broker would answer The calls from poor sellers like me. And the pagers and phones ring on Where once there were markets made; But O for the touch of a dealer's hand And the sound of a voice that will trade! Bounce, bounce, bounce, From the foot of the charts O Seaq! But my house, my Porsche, my docklands flat Will never come back to me. E.W. Tuley The Yuppie's Lament (Rapert Brooke) If I should fail, think only this of me:

That somewhere, on some broker's balcony, I am, Below the line, where mortal sins float free, One particle of red marks my retreat. And as a token of my sojourn here, Lend those who come hereafter should forget, Upon that printout let my name appear. Marked simply Unrecoverable Debt. I came accoutred with a Third in Greats Fresh-gilded for the field, nor thought to doubt My future as a born financial wizard. Now, as the battle's furious din abates, Perhaps I will have leisure to find out What a financial future really is. Noel Petty The Yuppie's Lament (after T.S. Eliot) O red red red. They all go into the re. The bulls and stags disperse, the underwriters curse And down Dow Jones and down Hang Seng and down the FT Index. The forecasters are silent. Now is a time of moratorium. A crowd flows over London Bridge, redundant From Shearson Lehman, Chemical et al. I had not thought the Crash had ruined so many. The deceived themselves and us, our pin-striped elders. They did not tell us that profits might go down as well as up That our computers might be overburdened or go berserk That our Porsches and our BMWs might be dispossessed That we might stumble down Threadneedle Street and crave cocaine... Maureen O'Rourke Heere Fawceth The Yuppie's Tale: His ful murie lyffe he hadde nanoure. Povre Yuppie koude use noone of his loore. For there was greet mischaunce in London Toun, And monie fleigh faste and profits fell down. And monie fleigh faste and profits fell down. His lyf was blisful, blithe and never soore. 'Alas', 'Alas' quod he 'But his cryden koude nat ende this cas. It is reccheles to trust in monie, men. Lo, taketh the moralite! Amen. (After Geoffrey Chaucer), Anna Wilson Jones THE SECOND competition - to list 10 words on which you would like to

impose a moratorium for one year - proved to be positively therapeutic to judge from the mounds of neologistic garbage that has poured into my office ever since the competition was announced. 'It was difficult to keep to 10,' wrote Mrs Cyril Bryan, '100 would be nearer the mark!' Peter Young solved the problem by typing *convent* 10 times, and Peter K. Marks asked: 'Why not have a competition for words which we might again be allowed to use for a trial period of one year? For example, beautiful (of the arts), heathen, gay (in old sense), etc.' The two words to appear most were *caring* and *yuppie(y)*. Others for suspension included the following: absolutely; affordable; aggressive; ambience; aware; arguably; aspirational; basic; basically; betwixt; breakthrough; Brent; brilliant; buzz; chairperson; challenge; cholesterol; chuffed; community; condom; core; counselling; counter-productive; cuts; definite; designer; denials; disadvantaged; dysfunctional; elitist; escape; ethnic; Eurotunnel; fayne; feasible; feminist (ism); Ferret; Filofax; gale (as suffix); gay; gearing; gear up or down; glass; genetic; glitz(y); great; Gulf; harrigan; hi-tech; hype; in-depth; infrastructure; kitsch; knackered; know-how; lay (intransitive); laise; life-style; massive; medication; meltdown; merely; Ms; nouvelle cuisine; nutty-gritty; ongoing; options; panache; parapass; paramedics; pee (meaning piss); periscope; platinomenia; post-modernist; priorities; privatise; proactive; quintessential; racist (ism); refurbish; resource(s); scenario; sexist (ism); shares; simplistic; sit-com; smoker; spin-off; Spycatcher; spokesperson; state-of-the-art; strategic; supply-side; supportive; tourism; toyboy; user-friendly; u-turn; viable; virtually; wally. There was inevitably so much duplication that the result is more lottery than literary. Thanks to everyone, and \$40 each to the following who are equal winners: Adrenalin; caring; handcrafted; meaningful; personalised; positioned; prestigious; scenario; utilise; wildlife (Patrick Frazer). Disastrous; fabulous; flexible; instant; major; meaningful; obscene; significant; package; problem (Bruce Leeming). Horrendous; hopefully; bottle (as in a lo-a) user-friendly; massive; diabolical; cheer's scenario; syndromes; prestigious (Sheila Spargo). Nigel and Clarissa have a caring, sharing commitment to a lifestyle with a coherent and transparent strategy against today's disintegrated and elitist marketplace (David Tipping). I have made a resolution not to use any of the above this year. I will therefore lay aside my usual seasonal panache and merely say that hopefully your adrenaal will flow according to your affordable aspirations in 1988 and you will all laise together in a caring spirit and remain chuffed with whatever change post-modernist criteria permit. Cheers

Jacqueline Shorey on a year of handouts to fortunate authors old and young Awards and Prizes

THE NOBEL Prize for Literature (worth \$8,200) was won last year by Joseph Brodsky, a Russian poet and critic who now lives in the USA. The Booker Prize (\$15,000) for a work of fiction was won by Penelope Lively with *Moon Tiger* (Deutsch, \$9.95), a novel containing vivid descriptions of the second world war in the desert and in Cairo. Other literary awards during the year include the following: the Prix Goncourt (FR\$50) Tahar Ben Jelloun *La Nuit Sacrée* (Le Seuil, FR 79); the Ritz Paris Hemingway Award (\$50,000) Peter Taylor *Summerhouse* (Macmillan, \$10.95); the Commonwealth Writers Prize (\$10,000) Olive Senior from Jamaica *Summer Lightning* (Longman, \$2.95); the W.H. Smith Award (\$4,000 for a UK or Commonwealth writer) Elizabeth Jennings *Collected Poems 1953-86* (Corgi, \$6.95); the Guardian Fiction Prize (£1,000) Peter Benson *The Levels* (Constable, \$9.95); the David Higham Prize (£1,000 for a first work of fiction) Adam Zammit *The 18th Room* (Fourth Estate, \$10.95); the Macmillan Prize (£500 for fiction) Lewis Nkomo *Mating Birds* (Constable, \$8.95); the Arthur C. Clarke Award (\$1,000 for science fiction) Margaret Atwood *Handmaid's Tale* (Jonathan Cape, \$8.95). The Betty Trask Prize (for first novels of a romantic or traditional nature by writers under 35) \$5,000 James Maxwell *A Luck* (Quartet, \$8.95); the Romantic Novelists' Association Award (\$2,000) Marie Joseph *A Better World Than This* (Century Hutchinson, \$10.95). The Somerset Maugham Awards (\$2,500 each for three writers under 35) Stephen Gregory *The Cornucopia* (Heinemann, \$9.50); Janni Howler *Isaac Campion* (Julia Macrae, \$5.95); Andrew Motion *The Lamberts* (Chatto, \$13.95); the John Llewellyn Rhys Memorial Prize (\$500 to an author under 35) Jeanette Winterston *The Passion* (Bloomsbury, \$10.95); the Tom-Gallon Award (\$500 for a short story) Lawrence Scott *The House of Funerals* (unpublished); the Geoffrey Faber Memorial Prize (\$500 for fiction) Guy Vanderhaeghe *Man Descending* (Bodley Head, \$2). The James Tait Black Awards (\$1,000 each for fiction and biography) Jenny Joseph *Persephone* (Bloomsbury, \$12.95/\$4.95); Sister Felicitas Corrigan *Heavenly Bodies* (Collins, \$10.95); the J.R. Ackerley Prize (\$500 for autobiography) Diana Athill *After A Funeral* (Cape, \$9.95); the Nelson Hurst & Marsh Biography Award (\$2,000) Roland Huntford *Shackleton* (Hodder & Stoughton, \$30); the Wolfson Prize (two of \$750 for history) Prof R.R. Davies *Conquest - Co-existence and Change - Wales 1063-1415* (Oxford University Press, \$40); Dr John Pemble *The Mediterranean Fossilias* (OUP, \$27.50); the Royal Society of Literature Heinemann Award (\$3,000) Richard Dawkins *The Blind Watchmaker* (Heinemann, \$12.95).

The Thomas Cook Awards (\$1,000 for a guide book) *The Fontainebleau Guide to France 1986* (Collins, \$15/\$9.95); \$2,000 for a travel book, Patrick Leigh Fermor *Between the Woods and the Water* (John Murray, \$13.95) which also won the Time Life Award (\$500 for non-fiction); the Enid McLod Prize (\$100 for a book which contributes to Franco-British understanding) Piers Paul Read *The Free Frenchman* (Alison Press/Secker & Warburg, \$10.95); the Society of Authors' Travelling Scholarship Award (three of \$1,500) Shena Mackay, Vernon Scannell and Iain Crichton. The Roger Machell Prize (\$2,000 for a book on the performing arts) Kurt Gabel *The British Musical Theatre* (Macmillan, \$50 each for two volumes, \$100 the set); the Samuel Beckett Award (\$1,000 for stage drama) Jim Cartwright *The Road* (Methuen, \$2.95). The Evening Standard/Catherine Pakenham Memorial Award (\$500 to a female journalist under 30) Amanda Craig *The Margarine Rhonda Award* (\$500 for a woman journalist) shared by Elizabeth Hilliard and Rhonda Peterson. The H.W. Ingate Awards for writing on health themes: \$2,000 for fiction to Alastair Weirfield *The Age of Wonders* (Weidenfeld, \$11.95); \$2,000 for non-fiction to Dan Vittorio Segre *Memories of a Fortunate Jew* (Peter Hallan, \$12.95); the Collins Religious Award (\$2,000) Gerald W. Hughes *God of Surprises* (Darton, Longman and Todd, \$4.95); the Old Fellows Social Concern Book Award



Joseph Brodsky, winner of this year's Nobel Prize for Literature

the prize divided between author, Charles Causley and illustrator, Charles Keeping, who both receive a bronze statuette. The Macmillan Prize for a Children's Picture Book (\$500) Charles Fuge *The Bush Vark's First Day Out* (to be published by Macmillan); the Observer Teenage Fiction Prize (\$500) Margaret Mahy *Mystery* (Dent, \$7.95); the Faber/Guardian/Jackanory Children's Writers' Award (\$2,500, publication by Faber and screening on Jackanory for an unpublished book) Bill Rosen *Andi's War*. The Angell Literary Award (\$1,000 for a writer based in East Anglia) Jan Marj Zeno was *Henna* (Cape, \$10.95); the TSB Peninsula Prize (\$1,000 for a writer from the West Country) Roy Phillips *The Saffron Eaters* (Phillips Books, \$8.95); the McVie's Prize (\$5,000 for a Scottish writer) David Thomson *Nalra* (Darkness and Light) (Hutchinson, \$12.95); the Saltaire Society/Royal Bank of Scotland Award (£1,500 for a book with Scottish connections) Muriel Spark *The Collected Short Stories* (Bodley Head, \$12.95) which also won the Prix FNAO (FR\$50,000 to a foreign writer); the Book of the Year Award (\$100) shared by Peter Thornton *Lakeland* from the Air (Dalesman) and Trevor Hayward *Walker* (Corgi); the Herries Lakeland (Pountney, \$10.95); the Winifred Holtby Prize (\$500 for a regional novel) Maggie Hemingway *The Bridge* (Cape, \$9.95).

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According to William Hill, the bookmakers, the 6-4 favourite for the Whitbread Prize on January 12, 1988, the Sunday Express Book of the Year, with a first prize of £20,000, will be announced on January 14. The 2-1 favourite is *Blind Moon* by the author of *Colour of Blood* (Cape, \$10.95). Two major prizes will be awarded for the first time in 1988. The Sunday Express Book of the Year, with a first prize of £20,000, will be announced on January 14. The 2-1 favourite is *Blind Moon* by the author of *Colour of Blood* (Cape, \$10.95). The UK's most valuable book prize will be announced in May, when the winner of a new non-fiction award sponsored by NCR, the computer giant, will receive £25,000. A Guide to Literary Prizes, Grants and Awards is available from the Book Trust Book House, 45 East Hill, London SW15 2QZ, price £2.75 post free.

S. J. PERELMAN, A LIFE by Dorothy Herrmann, Simon and Schuster, \$14.95, 337 pages DONT FREAD ON ME: THE SELECTED LETTERS OF S.J. PERELMAN edited by Prudence Crowther, Viking, \$14.95, 372 pages. SIDNEY JOSEPH Perelman grew up on a poverty-stricken Rhode Island chicken farm owned by his Yiddish-speaking Russian immigrant parents. They and he had little in common, and it explains a lot. It explains, perhaps, why this talented man was so reserved and taciturn and why, when he could afford it, he took to buying only hand-made English suits. It explains why, in defiance of American mores in the 1920s, this poor Jewish boy wanted to enrol as an undergraduate at the local Ivy League university. Despite poor grades at high school, he succeeded in becoming a day student, paying his way by working in a tobacco store at night. A fellow Jewish student and firm friend at Brown University (founded in 1764 and, according to Upon Sinclair, 'catering to the sons of the plutocracy') was anything but poor. He was Nathan ('Pep') Weinstein, later to take the name of Nathanael West when he published Miss

Lone Hearts and The Day of the Locust. His sister Laura became S.J. Perelman's wife when she was 18. At Brown Perelman was known for his ability as a cartoonist rather than as a writer. He became editor of the College humour magazine, the Brown Jug, and when he left, three credits short of a degree, he was taken on by Judge, a national humor magazine. After he had achieved fame, Brown awarded him, to his immense satisfaction, an honorary doctorate, for he had, after all, failed only because of the insistence of American universities that arts students pass courses in mathematics, and vice versa. It was while he was working on Judge that he first met Harold Ross, later to become editor of the New Yorker and publisher of some of Perelman's best writing. It was ironic that Perelman should persist for so long in regarding himself as a cartoonist when he had such a mastery of the English language. However, by 1926, he had written enough pieces for a collec-

tion which he entitled Dawn Ginsburgh's Revenge. Among the letters he received was one which read 'From the moment I picked up your book... I was convulsed with laughter. Some day I intend reading it.' It was signed 'Groucho Marx'. Perelman did not reply immediately but when he saw Animal Crackers he sent a note to Groucho thanking him for his 'endorsement'. Groucho suggested that Perelman write him a radio script and SJ collaborated with Will Johnstone on writing one, the basic idea of which was that the Marx Brothers should stow away in barrels on a liner. Groucho liked the idea so much that he decided to make the basis of the film Monkey Business. Working with Groucho took Perelman to Hollywood ('a dreary industrial town') but it did not stop him continuing with his pieces for the New Yorker. In 1940 Nathanael West and his wife were killed in a car crash. For Sid and Laura Perelman it was the end of an era.

invitation from Mike Todd, to work on the screenplay of Around the World in Eighty Days, for which he received an Oscar. In the 1960s it was discovered that Laura had cancer and in April 1970 she died at the age of 68. Perelman sold up everything and left for England, but before long he decided to go round the world again, Philips Foggy-fashion. On his return he stayed at 14 Onslow Square, feted by the great and famous. After six months however, he went back to the United States, where he died at the age of 76. In setting down so meticulously the details of Perelman's life, Dorothy Herrmann does not try to gloss over the black side of his nature. He mistreated his children and ignored his wife. He was a compulsive womaniser (a sort of 'lay preacher') and an uncomfortable man to be with. Apologies, brought together by Prudence Crowther - he was the meanest man on earth. Yet in his humorous pieces - and equally in his highly entertaining letters - he was a great original, whose irreverent, idiosyncratic, surreal wit not only entertained but also cast a new light on human nature. Geoffrey Moore

BRIDGE

MY FIRST hand from teams-of-four was played by a famous international look at How Are The Mighty Fallen: N 84 75 764 A 764 A 853 W 752 E 1092 O 1092 J 1092 K 9832 J 1092 J 1092 J 176 A 9643 S 104 Q 9643 104

trumps, a club and a spade - one down. South's play was most improved. The right line is really quite simple. At the third trick he should cash the ace of spades; cross to dummy's king, and return the eight. East gains nothing by ruffing a loser - so he discards, and the queen wins. The fourth spade is led and ruffed with the seven of hearts, and East ruffs or discards - it makes no difference. The declarer loses two trumps and a club. For an international to make such a mistake is most extraordinary, but as it is said, even Homer nods. The second hand comes from a rubber. We study faulty timing: N 7 843 A 843 J 8763 O 85 E 16432 K 19 10643 A-KQ 102 954 A 109 A-KQJ 1095 Q 72

North replied with two no trumps, which showed that he had some strength, and South jumped to four hearts, announcing a solid suit. North now cue-bid the ace of diamonds. South bid six hearts and all passed. West led the club king - the correct card against a slam - South ruffed and drew two rounds of trumps. He then cashed king and ace of spades, ruffed a spade on the table, cashed the diamond ace and led the five, playing the seven from hand. He hoped that West had started with the doubloon king, but this hope did not materialise and the slam failed. It is clear that West must hold the diamond king, but there is no need to assume that it is doubtful. The declarer should plan to squeeze West, and for this to succeed he must rectify the count. He should allow the club king to hold, discarding his two of diamonds. He ruffs the club ace with the ace of hearts, crosses to dummy's eight of hearts, ruffs a club and cashes the heart ace. Now he cashes king and ace of spades, ruffs a spade, crosses to hand with a club ruff and runs his trumps. The last trump turns the screw on West, forcing him to throw his club queen or bare his diamond king. E.P.C. Cotter

ARTS

Films in 1987/Nigel Andrews

Cinema is alive and kicking

"I spend all my time with murderers and rapists," says lawyer Charles in the new American film called Suspect. "What's really crazy is I like them."

The film critic knows how she feels. He has to spend much of his professional time with murderers, rapists and assorted crazies, as they cavort before him on the screen.

After such a twelvemonth, reckless alike in its variety and its repetition, the critic is expected to pick himself up, dust himself off and deliver a cogent summary of the year's achievements.

The main achievement is that cinema is still alive and well. Attendance figures continue to rise, on both sides of the Atlantic. For once, more movie theatres are being built than are being sold, destroyed or converted to bingo halls.

A brave new world indeed. The only question mark is against some of the creatures in it. Compiling a shortlist for my ten best of 1987, I idly doodled a parallel list for my ten worst. Witness my discomfiture when the latter began to streak ahead of the former.

Strait to Hell, Duet for One, The Berlin Affair, Le Paltoquet, Mamon, Les Sorcières, Superman 4, Foreign Body,



Kyle MacLachlan is held against his will by a sadistic Dennis Hopper in David Lynch's Blue Velvet

ochistic cabaret singer Isabella Rossellini). But the film's daring poses confidence, inspired, transgressive, and the seriousness of its aims, as it charts the psychological traumas in small-town America, is wholly persuasive.

Blue Velvet achieved an overwhelming degree of critical favour. But with some films, consensus is more elusive, and critics go to battle with each other. How far does the reach of Tarkovsky's The Sacrifice exceed its grasp? Some (including me) think it attains the heroically balanced sublime, others think it topples over into mysticism and message-mongering.

The most enthralling movies, furthermore, are often those whose good qualities are but a hairbreadth away from being bad qualities. A man's reach should exceed his grasp, wrote Browning, or what's a heaven for? When a man reaches further than he can grasp, he risks toppling over and falling on his face.

Strait to Hell, Duet for One, The Berlin Affair, Le Paltoquet, Mamon, Les Sorcières, Superman 4, Foreign Body,

order). But I will happily defend his right to break the stylistic moulds, and the right of other critics to champion him.

In Europe, 1987 has indeed been the year of Soviet cinema and of Glasnost. The Gorbachev regime has broken the Siberian ice covering a whole consignment of hitherto frozen movies, and the best of them (Pavlov's Tema, Abuladze's Repentance) have gone out into festivals to win prizes and friends.

By contrast in Britain, it has seemed like eternal summer. Trailing from the maypole this year have been six feet of cinematic lengths of celluloid as Prick Up Your Ears, Maurice, Wish You Were Here, Hope and Glory, The Magic Toyshop, Coming Up Roses, The Belly of an Architect, Comrades and Little Dorrit Part 2. The only two

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ble with all this richness is that the Government is going to start looking askance at an industry which keeps pleading bankruptcy and then keeps out-performing the rest of the world.

And when it is not out-performing the world, it is colouring it. The year's two top Box-Office winners, Beverly Hills Cop 2, and Fatal Attraction were both directed by Britons (Tony Scott and Adrian Lyne). And of the year's three high-impact Vietnam movies, one was directed by a Briton (John Irvin, Hamburger Hill), one was made in Britain (Full Metal Jacket), and one was financed by a British company (Hemdale, Platoon).

Native American film-makers have had a more mixed year. At the moment of writing, thrillers seem to be engulfing our movie screens in Hollywood and points east. Taken together with the continuing speed FX craze, this suggests alarmingly narrowing options for the popular filmmaker. If his movie is not about menace (Fatal Attraction) or passion (Predator) or nobility (The Untouchables) it is hard to turn quite where he should turn: except perhaps to Beverly Hills Cop 3. Fortunately, intelligent, individualistic movies still somehow get made, inside and outside the tyrannical fashionists.

The best of them feature in my top ten films of 1987: Blue Velvet, Hope and Glory, The Belly of an Architect, River's Edge, The Sacrifice, Horse Thief, Duet for One, Little Dorrit Part 2, Wish You Were Here, White of the Eye.

1988 opens with Predator (18, Leicester Square) and Odeon by guerrillas. But were they? Could there be more here than meets the eye? Or could there, more frighteningly, be less? Perhaps the kidnappers, who do very nasty things to their victims, are actually predators from outer space, who can make themselves invisible by camouflage.

These are tricky questions for Mr Schwarzenegger, whose biceps may be like ostrich eggs but whose brain and memory are only held so much. "Do you remember Afghanistan?" he is asked by a comrade. "I'm trying to forget it," he replies. But it is unlikely he will be able to forget what happens here. The blood dripping from the branches, the frightened Mexican girl (Eliadita Carrillo) they cannot leave behind, for obvious box office reasons. And the "invisible" monster, who provides us with an even nastier shock when he turns visible.

In short it is business as usual in Hollywood hokum-land. Director James Cameron directs at a bold map, the special effects are excellent, and much standard-issue B-movie dialogue is compensated for by much runaway ingenuity in the plotline.

CHESS SOLUTION No. 704 1 Q-B3, if R-R1; 2 Q-R5 either R-Q3 or R-Q1; if R-Q1 or R-KN1; 2 Q-Q5, if R-QB1; 2 Q-KB5, if R-QR3; 2 Q-K2, if R-R5; 2 Q-K4, or if R-RP; 2 Q-B7.



Michael Jackson, becoming a whiter shade of pale

Pop music in 1987/Antony Thornecroft

Backward looking

The curtain falls on yet another undistinguished year in pop music and yet another annual review starts with a downward nod. Perhaps its time that we stopped imagining that some colossal talent will suddenly emerge and hold the populace in a Beethoven grip.

But even a champion of popular choice must regret how backward looking the music has been in 1987. At year's end seven of the records in the Top Twenty were old hits, some a generation or more old. If the new interpreters discover hidden depths in the songs, the speed with which Nat King Cole's vintage version of "When I fall in love" caught up with Rick Astley's cover suggests that, left to themselves, the punters prefer the original. Astley has been the successful new face of the year, selling more singles than his pretty boy rivals, and at least his smash, and top selling record of 1987, "Never gonna give you up", was his own work. He moves well, sings unobtrusively, and would be welcomed home by mothers of teenage daughters.

Of course it is much easier and cheaper for the record business to repackage old material than grow new talent, even if spunky stars like Nina Simone complain bitterly that the re-issue of classic hits, in her case "My baby just cares for me", fill other pockets with recycled profits than the artists. Her song was reborn via a TV commercial and such second hand popularity was his own work. He moves well, sings unobtrusively, and would be welcomed home by mothers of teenage daughters.

"Stand by me" by Ben E. King was an unanticipated archive hit thanks to its use in the film of that name, and the man himself was discovered live and well in the States and rushed to London to earn a quick buck.

So the pop industry looks increasingly like a gigantic boot sale where record executives hunt for overlooked treasures. This reflects a falling off in the importance of pop as the secret language of the young. The thrill has gone. It is the working of time. Now most people up to fifty have some pop memories and opinions. For youth now, what you wear and the clubs you favour are as important as the band you support, although asking a stranger what music they like is still a good test of social placing, and likely compatibility.

It was not only the A & R men at the global recording companies who found the present in the past. There was a universal digging up of roots, preferably ethnic ones. The term "folk" still carries too much stigma to be revived but "roots music" from Africa, Ireland, and the States was all the rage, covering everything from obscure styles to pop releases by "garage" labels to bands like the Bhundu Boys from Zimbabwe, whose UK produced album "True Jit" was one of the most exuberant of the year. Of course it was Paul Simon's "Graceland" which first exploited the commercial potential in African music while suggesting that somehow Soweto was just the other side of Brooklyn Bridge.

So what should anyone wishing to cash in a Christmas record taken for a musical memory of 1987 plump for? Over time the best selling album will be Michael Jackson's "Bad". While he gets whiter by the minute "Bad" was an attempt to find again his black roots. He is too androgynous, too commercially superficial to succeed but you could hardly get a better example of lavishly manufactured pop music designed for dancing. The British equivalent was perhaps the Pet Shop Boys album "Actually" which is too melodic for its own good. The duo make it sound too easy, but as comfortably obtrusive background music it could hardly be bettered.

As well as Michael Jackson all the heavies of American music discharged broadsides in 1987 making it very much a US year. Bruce Springsteen's "Tunnel of love" found him in a pared down restrained mood after the exuberance of his world tour. It was almost like a first album, with its short, lyrical, spare songs of the American heartland but over time it will acquire legendary stature. Prince produced the most exuberantly poppy album with "Sign 'o' the Times" which showed that you can have the wrong image with the right talent, and at the year's end Madonna filtered herself down to her basics with extended disco tracks of her old hits on "You can dance".

It is quite a burden regurgitating all these old names but it was that sort of year. There were even blasts from Pink Floyd, Grateful Dead, and Yes. Some fresh talent did emerge. I enjoyed Chris Isaak and Suzanne Vega. Steve Earle and Dwight Yoakam. Among the more memorable concerts in a dull year were those by Tom Waits, Roger Waters, The Stranglers and U2. The biggest disappointment was David Bowie at Wembley. 1987 ended on a banal note when Boy George returned to Hammersmith Odeon after a three-year absence with an uneasy impression of Jeff Gargano, on one of her more difficult nights. Now that pop music has become a branch of show business it seemed somehow pre-ordained.



Sammi Davis, David Hayman, Sebastian Rice-Edwards, Sarah Miles and Geraldine Muir in John Boorman's Hope and Glory

Radio in 1987/B.A. Young

Drama takes pride of place

New controllers were appointed to Radio 3 and Radio 4 during the year, but we mostly heard what was devised by the former controllers, and nothing revolutionary has happened to the network. Radio 4 seems at the moment to be moving simultaneously up-brow - I do not think we should have heard Schoenberg Goes to Hollywood a year ago - and down-brow, notably with Citizen X. I rather wonder who listens to this upper-working-class soap at 11 am. There are about 500,000 of them for the morning transmissions and 300,000 for the Saturday repeat but who are they? Housewives? Car-borne reps?

The programme has not really settled down yet. We do not have the concern with the characters that we find in The Archers, who won a Sony Award last year just by existing, and the story-lines are consciously anecdotal, and notably variable in quality.

I asked the new Controller of Radio 3, on an unofficial occasion, as we went into his box at the Proms, what he proposed to do. "We'll be more experimental," he said. I usually decline to write about the musical side, but I make a howler. I can go so far as to say that there has been generous treatment of contemporary British composers. Elsewhere some modestly unexpected things have happened, like the playing of a French comedy in French, and my impression is that the proportion of music to non-music has been slightly reduced - not what one would have forecast, for the new controller is also the BBC's Head of Music. There is a sinister rumour that the World Service News is not to be given any more, a bulletin I find better

than any of the others. Perhaps it should go to Radio 4, where more people listen, and take Sir Crompton, a sort of civil GCSE, and the World Service, mostly with Radio 3. In this way let me say that Michael Charlton's The Little Platons, the stark analysis of the Falklands problem and the recent mistaken attempt to advise it, was the best feature material I heard during the year, or several previous years.

But I should begin where the most listeners are, on Radio 1 and Radio 2. Both try now and then to educate their addicts out of their addictions. We have had good campaigns about drugs and about crime. Radio 1 included a short play in its drug fight, but I would be surprised if many of its listeners heard it through. Pop-addicts don't listen analytically; they hear their sounds in the hope of catching something familiar. The great thing about Radio 1's Drug Alert is that the programmes were sudden and short, and provided an immediate opportunity for response via the free Helpline. Radio 2 on crime addressed its listeners purely as victims. It could rely on attention better than Radio 1, especially when advice came in the friendly voices of Derek Jameson, Jimmy Young and so on.

In general, Radio 1 has kept to its own ground. We had an interesting series about Eric Clapton, and a rather less interesting series about John Peel, who had stuck to his DJ desk for 20 years. At Easter, Simon Mayo visits the Holy Land suggested that Mr Mayo was hardly a constant churchgoer. Among the major features, Radio 3 never equalled its Falk-

lands operation, but it gave us a good series by Lord Ewingson on the place of the Jesuits in the civil and political world, and one on the Himalayas from which I learned a lot. Seeds of Hatred, about the Boer War, struck me as history-book stuff. This is the network that gives us most of the serious jazz (though Radio 2 seems to have the monopoly of the wondrous Robert Parker mock-stereo classics. These are going into other worlds now (there is even a disc containing 30 arias by Caruso, Patti, Paganini, Tchaikovsky and so on.) Kingsley Amis was called on to host a few programmes of his favourites, and there was a series about the drummer Buddy Rich that I thought less than fascinating. Rich not being the kind of drummer I liked.

Old favourites on Radio 4 have had to make changes. Desert Island Discs lacked the cool friendliness of its originator, Roy Plomley, though Michael Parkinson soon learnt how to ask the same questions and even sound as if he were interested. Will She Lewley cope with all those mountaineers and yachtsmen and people? Down Your Way has not sounded well with the presenter virtually promoted to top position - not enough of the mayor and the locals, or their gramophone-records.

There have been some good serious features on Radio 4, not always easy to spot. Crime and Punishment was long-wave only on Sunday afternoon. There is a familiar quality in the presenters of some items, those dealing with wildlife, for instance, that I find unsympathetic. Film on Four sometimes serves as the radio Panorama.

My two favourite writers of radio theatre were both well represented, Martin Crimp with a short, barbed comedy, Definitely the Bohemian, Andrew Rissak with King Priam, his adroitness the fall of Troy. Both these on Radio 4, which has produced most of the good new writing, while Radio 3 has preferred modern drama from overseas writers like Kohout, and classic writers like Ben Jonson. Among the plays that have stayed in my mind are Small Talk, by Peter Flannery and Elizabeth Garmitt, an exciting piece about an infertile woman working on a television programme about infertility; Lifetime, by N.D.Moffatt, a monologue for an aged West Indian; Peter Tinniswood's intriguing The Village Fete; Marie Stott's The French Man, a sensitive piece about a young married couple with a conclusion that spoils it. There was a series of adaptations by Peter Redgrove of Grimm's grim nursery-stories, and an account by Stephen Davis about Copernicus.

The average standard of drama was as high as ever, if there are some trivial pieces among the Afternoon Plays, these are today's equivalent of the magazine-stories of the days when there were magazines instead of Walkmans and videos. Marys, by Wally K. Daly, contrasting Mary Magdalene and Mary the mother of Jesus, provoked some sharp letters to the press, but we may well feel proud of our unique excellence in radio drama. And if it seems as if this were confined entirely to the BBC's two more literate channels, it should go on record that Radio London did some dramatized extracts from Samuel Pepys.

BOOKS OF THE MONTH

Announcements below are prepaid advertisements. If you require entry in the forthcoming panels, application should be made to the Advertisement Department, Bracklen House, 10 Cannon Street, EC4A 3DF. Telephone: 01-248 8000, Ex 404. Order and payment for books should be sent to the publishers and not to the Financial Times.

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WEEKEND FT

SPORT

Tennis/John Barrett

Graf and Lendl rule the courts

A look at the year's achievements - or lack of them - by the top ten men and women players

IN KEEPING with tradition it is time once again to assess the relative performances of the leading men and women in 1987. It is not an exact science, nor an analysis of the issue of the year...



Steffi Graf who has assumed the leadership of the women's game

place at No.3 after losing to Lendl in the French and US Open finals and winning five other tournaments.

Pat Cash was a problem. At first sight it is an insult to rank the Wimbledon champion as low as five. However, his only other success in 1987 was in a small tournament in Nancy.

The enigmatic Czech, Miloslav Mečíř, so gifted and yet so frustratingly inept at those moments when his heart does not appear to be in a match, had a marvelous season with two Super Series and three Regular Series victories to his credit from eight final round appearances.

It was the commendable consistency of Jimmy Connors rather than any outstanding achievement (he still has not won a tournament since October 1984) that earns the remarkable

36-year-old American the No.6 spot. His heroic win against Mikael Pernfors at Wimbledon from two sets to love down was also the season's most dramatic match. Jimmy deserves our special thanks. In truth, he saved Wimbledon's pre-final days from embarrassing mediocrity.

After a promising start Boris Becker's season fell apart, so that his ranking slips from 2 last year to 7 now. The much-publicized split with coach Gunther Bosch last January affected Boris more than he has been prepared to admit, but the appointment of the shrewd Australian, Bob Brett, a disciple of Harry Hopman, should restore the young German's morale and ranking in 1988.

The last three places go to Yannick Noah, Tim Mayotte and Andres Gomez, all of whom produced some good things without

ever threatening to win any of the major prizes.

For the first time Steffi Graf assumes the leadership of the women's game. The remarkable 18-year-old West German totally dominated the year in the way that Martina Navratilova, whom she displaces at the top, used to. Miss Graf's first Grand Slam championship in Paris was one of ten tournament victories in 1987. True, she did lose to Navratilova in two of the other major finals, at Wimbledon and the US Open, but these were her only losses all year and Miss Navratilova's only successes. Over the season as a whole there was no question as to who was the better player.

Chris Lloyd, for so long the automatic No.2 behind Martina after the Czech-born American had finally ousted her from the top spot in 1982, falls to No.3, though there were four tourna-

ment wins from seven finals to compensate for her failure to reach a Grand Slam singles final for the first time since 1973. The 33-year-old American's contribution to the women's game has been immense. Ever since she burst onto the scene as a prodigy at the US Open in 1971, Chris has been setting records, though the finest of those has now ended. Last year, for the first time since 1974, she failed to win at least one of the Grand Slam championships.

Hana Mandlikova had a season rather like Cash's. After beating Martina quite brilliantly in the Australian final the Czech No.1 won only two other titles and failed to reach the semi-finals at any of the other three Grand Slam events. This is ridiculous for one so talented, and she only narrowly gains the No.4 spot ahead of Gabriela Sabatini.

The 17-year-old beauty from Buenos Aires was a semi-finalist in Paris, reached the last eight at both Wimbledon and Flushing Meadows, and crowned a glorious year by beating Navratilova in the Series Championships before losing for the 11th time in a row to Graf. Her rivalry with Steffi promises to equal any of the great confrontations of the past - Willis Moody and Jacobs, Brough and Connolly, Court and King, Evert and Navratilova. It is an intriguing prospect.

The 26-year-old American Pam Shriver enjoyed the best season of her career last year and is the one person apart from Mandlikova who threatened the dominance of two youngsters. A semi-finalist at Wimbledon and appearances in the quarter-finals at the Australian and US Opens confirmed Pam's growing consistency. Her best is probably yet to come.

Helena Sukova, now 22, slightly disappoints me. The potential for greatness seemed to be there when she beat Navratilova to reach the Australian final in 1984. Although she did win two tournaments last year I wonder now if she has the belief to rise higher.

Below her Claudia Kohde-Kilsch, Manuela Maleeva and Lori McNeil all showed flashes of brilliance but lacked the consistency to be ranked higher than 8, 9 and 10. However, one must single out Lori's success against Chris Lloyd at the US Open that put her in the semi-finals there for the first time. It was one of the year's great performances.

Rugby/John Kitching

The Five-Nations Championship is only two weeks away. What can we expect?

FIRST things first. We are just a fortnight away from the opening games of rugby's Five-Nations Championship, giving the home countries - particularly England - the chance to salvage some of the pride lost in last summer's World Cup.

Salvation does not come cheap these days, though. Pride will be restored only by the kind of bold changes and broader vision which, it is hoped, will be brought to the England camp by Geoff Cooke, the new team manager, who faces the task of improving on records of only nine wins in England's past 20 championship matches.

"Success is what I'm aiming at," he told me. "But I'd like to achieve success through an enjoyable and enterprising approach. Winning is an important but, with a certain tightness and discipline, it is possible to win in style."

Cooke feels the divisional championship has been an important selectorial factor. It puts players into a situation akin to international rugby and makes them stand on their feet as potential internationals," he says.

He feels the work of the divisional selectors is invaluable in acting as a "first screening." But, ultimately, the divisional games must have told him two things: only a very few players are capable of selecting themselves, and a whole host are far from international standard.

Today's "final trial" at Twickenham (it is not officially being called that this year) will show just how useful the divisional games have been.

After watching some of the earlier matches, it would have been tempting to suggest that some combination of the North's backs (for whom it was good to see Nigel Melville playing as well as ever - and relishing the physical contact) and the forwards from South West and London would be enough to sweep all before them. But, of course, it is not that simple.

If England are to avoid the pitfalls of the World Cup, they must choose forwards capable of winning the second phase by staying on their feet, New Zealand-style. They must choose a scrum half able to dictate the play and yet have sufficient individ-



Matter of pride

flair to go it alone (another hat in the ring here for Les Cusworth of Leicester).

Third, the finishers must be of genuine world class and England are blessed with wingers Roy Underwood and last season's captain Mike Harrison (the man the All Blacks call Burglar Bill). Cambridge University's Chris Orr will soon be pressing hard for a place and there's still the excellent Mark Bailey in the wings, as it were.

The World Cup, in which England lost both to Australia (6-10) and Wales (3-16), was full of important lessons, says Cooke. One was the need for greater fitness. But the most important was the difference in attitudes between players in the northern and southern hemispheres. "I feel that our players missed out psychologically," he says. "The mental approach of the New Zealand players is something we would do well to emulate. They prepare themselves so thoroughly."

When Ireland and Scotland met last year at Murrayfield, the Scots won 16-12 in a rather dull encounter. I hope that the fresh spirit of Geoff Cooke might spread to other international selectors and that this year's championship becomes a joy to watch.

As Cooke says: "Every team must make the best of its resources. That way it is possible to win, and win attractively."

Westmoreland but who has not been aided in his enormous selectorial task by John Elliot, the national coach, and by Roger Utzley, the former British Lion. Alan Davies, the Midlands coach, and David Roberts, coach of the North, will also offer advice.

And so to the big games in a fortnight: England go to Parc des Princes, Paris, and Scotland to Lansdowne Road, Dublin.

No-one is under any illusion about the task facing England. The French forwards are veritable man-mountain and never once to shy away from a highly physical game. The Berzler/Melville (assuming he is selected) battle will be interesting at last we have two scrum-halfs capable of playing like Number 9s and not Number 9 buses.

I hope Cooke and his fellow selectors have the courage to select John Buckton, the Saracens centre, for his first cap. Of the three-quarters I have watched in the past few seasons, he has impressed me greatly with his deceptive change of pace and superb acceleration.

If he is teamed with Will Carlisle, his fellow North centre, England will have the sort of midfield capable of getting the ball out to their world-class wings.

I hope also that the selectors have the courage to give Jeff Probyn of Wasps his first cap at tight-head prop. He is widely acknowledged as the most disruptive scrummer in the British Isles, capable of putting immense pressure on opposition hookers and loose heads; indeed, he has been named as a "Bath barrel," will be a must for students of front-row play.

Over in Dublin, Ireland will be playing without Hugo MacNeill at full-back and without the old warrior, Phil Orr, at loose head. MacNeill has been named as a "Bath barrel," and Orr has retired. They are also without Nigel Carr, a flanker of genuine world class, who was injured last year in the car bombing in which Lord Justice Gibson was killed.

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As Cooke says: "Every team must make the best of its resources. That way it is possible to win, and win attractively."

FT CROSSWORD No.6,519

Crossword puzzle grid with numbers 1-31 and some filled-in letters.

SPOONERISMS: The subsidiary parts (which always come first) of the clues to all the eight-letter solutions are Spoonerised. Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday January 13, marked Crossword 6,519 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4DF. Solution on Saturday January 16.

- ACROSS: 1 Religious leader to ponder over an aspiration? (6) 4 Veal joint, one's not ready to go off at? (4-4) 9 Lofty aspirations for which one trades (8) 12 Want to whistle? She's likely to swear (8) 13 Sick a bill at this point (6) 15 Bullet, damaging to young plans (4) 16 Windy place, fashionable in the past? (7) 20 Prime minister of preservation (7) 21 Go away! (Sound of footwear) (2) 25 Disreputable cry of pain among the French (6) 26 Arrange laurel in piles from mast to stern (8) 28 Not the right cargo for a journey of many miles (4-4) 29 Ascending with a struggle? (6) 30 Ask phantom his opinion on the football field (4-4) 31 We parody an informal garment (6)

Word search puzzle with letters arranged in a grid and words hidden within.

Solution and Winners of Puzzle No.6,512

- DOWN: 2 Look for round shape in Vichyssoise? (4,4) 3 Pale-complexioned, head to foot, concedes (6) 4 Voice of special tone (4) 6 Terrible thick mist on the heath (8) 7 Unfertilised seeds give us love (6) 8 Little boy taking another's turn goes to the doghouse (6) 11 Casual worker not at work? (7) 14 Drama school subject, a number in footwear (7) 17 Policeman at collision has produced to sell (4,4) 18 Unexpected deposit in river makes variegated fabric (4,4)

SATURDAY



Anne of Green Gables, Channel 4, 7 pm

SUNDAY

Television and radio schedule for Sunday, listing programs like 'The Muppet Show', 'The World This Year', and 'The Great British Bake Off'.

TELEVISION AND RADIO

Detailed television and radio schedule for Saturday and Sunday, listing channels, times, and program titles.